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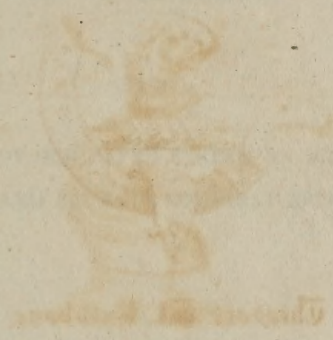
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ESSAY

CURRENCY

CLIPPING

THE INFLUENCE OF THE CURRENCY ON THE INDUSTRY
OF THE COUNTRY

BY JOHN A. HENRY

LONDON

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ESSAYS
ON
CURRENCY
AND
CIRCULATION,

AND ON
THE INFLUENCE OF OUR PAPER SYSTEM ON THE INDUSTRY,
TRADE, AND REVENUE OF GREAT BRITAIN.

BY JOHN ASHTON YATES.

LIVERPOOL:
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WILLIAM ROSCOE, Esq.
PRESIDENT,

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TO THE MEMBERS

OF THE

LITERARY AND PHILOSOPHICAL SOCIETY

OF LIVERPOOL,

THESE ESSAYS,

READ DURING THE PRESENT SESSION AT THEIR ROOM,

IN

THE ROYAL INSTITUTION,

ARE RESPECTFULLY DEDICATED.

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PREFACE.

THE principles of money, and particularly of paper currency, have been more fully discussed in this country during the last twenty years than in any other age or country; yet some questions of great importance remain unsettled, especially that respecting the extent to which paper may be safely and advantageously substituted for the precious metals. The abstruse nature of these investigations renders them uninviting to general readers, and few perhaps of the students of political economy have had patience to read and digest the multitude of essays, parliamentary reports, and regular treatises that have appeared from time to time on the question of the currency: but its vital importance has been so pressingly brought home to the business of every man who has a stake in the country, that its interest is still fresh and not likely soon to decline.

Whilst men of the greatest practical wisdom and experience differ essentially as to the causes of the violent fluctuations which have occurred in the prices of commodities since the return of peace, the most acute of our theoretical writers are scarcely more agreed: the people at large are, therefore, so perplexed by the differences and disputes which have arisen, that they appear to despair of arriving at any sound and certain conclusions; and a large number, following the authority of the practical writers, abandon all hope of seeing the precious metals circulate again and perform the functions which they used to perform in the days of our ancestors.

After explaining some principles affecting the supply and circulation of money, the writer has endeavoured to shew, that the difficulties of recurring to a gold currency have been greatly exaggerated—and that Mr. Ricardo's plan of "a safe and economic currency" does not possess the advantages or the security which its able advocates have attributed to it; that no system of paper, or mixed currency of gold silver and paper, can sustain prices of commodities at a higher range, or with more equality than a gold currency; that greater and more injurious fluctuations must occur in this country, even with a gold currency, than in other countries, owing to our artificial regulations both fiscal and commercial; but that these are much

aggravated by a paper currency, which necessarily produces extraordinary speculation, and renders the pursuits of agriculture, trade and commerce so uncertain as to give them the character of gambling rather than of regular industry. After investigating the circumstances attending the recent convulsions and disasters, and tracing their connexion with the state of our currency, the author examines the imputed influence of a metallic circulation on taxation, and the remedies proposed for alleviating the burdens that are alleged to depress the productive industry and resources of the country.

The writer is far from flattering himself that he has done justice to these important inquiries. They are so abstruse and difficult that few have the ability or courage to investigate them, and he does not presume to think he has done so thoroughly; but if he has succeeded in throwing any new light upon them he shall feel satisfied, although he may incur the charge of presumption in opposing the theories of some political economists, whose talents and labours have acquired for them a high and deserved reputation.

Liverpool, 1st March, 1827.

I.—OF ALTERATIONS IN THE QUANTITY OF CURRENCY,
AND THE RAPIDITY OF CIRCULATION.

IT is unnecessary for the purposes of this Essay to trace the origin and history of coined money: it is known, that from a very early period the precious metals, being found to contain a great value in a small bulk, were adopted as money in all civilized nations, so that every person who had commodities to sell was willing to take them in exchange. By being mixed with a small portion of alloy, they were rendered so durable as to retain, with little diminution, the same quantity of the pure metal which constituted their value; by being divided into different shapes and sizes, their exchangeable value in every country was easily discerned by the eye; and by being stamped at the government mint, their value was sufficiently guaranteed to prevent the necessity of weighing and proving their quality every time that a purchase was to be made. The money, when thus coined, facilitated very much all the transactions of barter, of which the trade of the world consists; it not only enabled buyers and sellers easily to settle their accounts in the same country, but in the most distant civilized

nations with which the traders of each country were connected, the nature of gold and silver money being such, that it could be ascertained by a very simple process what quantity of the pure metal was contained in each piece, and the quality of such pure gold or silver being found to be exactly the same in whatever part of the world it was produced.

Previous to the discovery of the mines of gold and silver in Mexico and South America, the precious metals so coined appeared to be little liable to fluctuations in value. Since the supply, however, was so greatly increased by the working of the American mines, the value of the precious metals decreased so much, that the money price of most other commodities has been *trebled* in the last 300 years; and since these mines have become less productive, in consequence of the revolutions in South America, it seems reasonable to conclude, that the value of the precious metals may have increased in some degree. Mr. Tooke appears to think that the fall in the prices of commodities generally, which took place after the resumption of cash payments in 1819, may be partly owing to this cause. He has not, however, I think, given very satisfactory reasons for this opinion; nor, perhaps, is it possible to prove any thing either for or against the proposition. There

was a stock of gold and silver in Europe in 1805 (as Mr. Humboldt estimated) to the amount of about £360,000,000 sterling, (Researches, B. 5, c. 11) and he estimated the annual supply of gold and silver which Europe received from America at the time when he was writing (about 1805), to be about 43,500,000 piastres, from which he deducts for what flows into Asia :

By the Levant trade	- - 4	millions.	}	25,500,000
By Cape of Good Hope	- 17½	do.		
By Russia and Tobolski	- 4	do.		
Leaving about	- - -			18,000,000 piastres,
(at 4s. 3½d.), equals £3,780,000 sterling.				

To this he adds for the produce of the mines of Europe and Siberia about 4 million piastres, making 22,000,000 ; and deducting from this amount 6½ millions for wear and loss, and used for ornaments, there remain 15 million piastres for the annual increase of gold and silver coin in Europe, which is in sterling £3,200,000.—Thus, if Mr. Humboldt's statement be correct, above one-half of all the gold and silver from the mines of Europe and America went annually into Asia ; but it is known, that for many years past the exports to Asia have much fallen off. Since the year 1810, however, the supplies from the American mines have fallen off in a greater degree, and have for some years past not been one-half of what they were in 1805. It is, therefore, not improbable that the stock

of gold and silver specie in Europe has decreased, though not in such a degree as to have any material effect on prices.

It is reasonable to suppose, that the value of money in Europe may have been increased since the war, by the increased demand of the different countries whose trade was suspended during the war, and whose population, commerce, and riches have been on the increase since the return of peace; but the increase of credit, banking accommodations, and paper money, arising from the same circumstances, may have also supplied the place of specie to an equal extent. It is well known, that in Russia, Austria, and some other countries in Germany, the greater part of the circulation consists of paper currency.

In *Storch's Cours d' Economie Politique*, the whole quantity of metallic currency in the six principal states of Europe is only estimated at 140 millions, viz.—

Great Britain	20
France	74
Spain	18
Austria	12
Prussia	9
Russia	7

And in the article on "*Money*" in the Supplement to the Encyclopædia Britannica, the specie currency of the rest of Europe is supposed to amount to two-thirds of the above sum, or 93 millions; but no data are given for this estimate. If it were to be assumed as correct, it would make the total amount of specie in Europe only 232 millions sterling. If we suppose this to be the actual amount of specie currency in Europe, and that it was 360 millions twenty years since (as estimated by Humboldt), the general prices of commodities would have been gradually, but very considerably, falling, if their quantity continued the same, unless the diminished quantity of gold and silver had been in the mean time supplied by paper money, or the existing currency had been rendered much more effective by a more rapid circulation, or by a great economy in the use of money consequent on the extension of credit. We have good reason, however, to believe, that since the return of peace these causes have been in powerful operation, and that they will continue to act more strongly every year as long as the peace of Europe is preserved. As far as we can judge by a comparison of the present prices of the staple articles of produce in Europe, with those which were current before the war, there is no evidence of any decided diminution in the cur-

rency ; the prices of corn, wool and silk have, indeed, rated lower, but those of all other articles rule as high as they did twenty five or thirty years since.* Vide Appendix (A.)

In Great Britain the fluctuations in the quantity of specie have been so remarkable and so rapid, that it is impossible to state the amount with accuracy at any period since the commencement of the war with France in 1793. It is certain that above fifty million pounds have been coined and put in circulation, but we have seldom had more than ten or fifteen at any one time in circulation, and sometimes the gold currency has entirely disappeared, not only during the war, but since the return of peace. The amount of gold and silver which has circulated at different periods has never been precisely ascertained ; but there is reason to think, that as our trade has increased, there has not been an increase in our currency by any means proportioned to it.

The quantity of gold and silver coined in Great Britain—

(Vide Appendix to the Lords' Report in 1819.)	{ From 1553 to 1653 at - £19,833,000	
	viz. Gold - £ 3,723,000	
	Silver - 16,110,000	
	{ From 1659 to 1759 - - - 44,153,000	
	{ From 1760 to 1785, all Gold - 30,500,000	
	{ From 1786 to 1793, do. - 21,000,000	
	{ From 1794 to 1815, do. - 14,000,000	
	{ From 1816 to 1819, do. - 7,000,000	
	{ From 1816 to 1819, all Silver- 4,000,000	

*The fall in the price of wool may be attributed to the great increase of growth in Germany, and that of silk to its great increased production in India.

From 1817 to 1825 about £33,000,000 of gold and silver were coined, of which a large portion was exported in the latter years.

In 1826 about £6,000,000 gold and silver.

N.B.—Of the coinage from 1760 to 1793, 15½ millions were light gold recoined.

In 1794 to 1797 the gold coin in circulation has been estimated, on what appears to be the best authority, at twenty million pounds; which is what A. Smith supposes it to have been when he wrote his “Wealth of Nations.”

In 1810 the gold had almost all disappeared, its place being supplied by bank notes.

To the quantity of gold currency in Great Britain in 1795 to 1797, estimated at about twenty millions, must be added the currency of the Bank of England and of the country banks, estimated at twenty to twenty-five millions, making together about forty-five million pounds. During the war there is reason to think the whole currency generally exceeded sixty millions; but it rose and fell remarkably. Since the peace it appears to have been equally liable to fluctuations; and we have witnessed such extraordinary and sudden alterations in the value of commodities of domestic as well as foreign production, that it has been impossible for capitalists to calculate with more certainty than during the war on the state of prices and the prospects of markets.

The public are now beginning to be convinced that much of this uncertainty is to be attributed to the alterations in the quantity of money; and much has been written to illustrate this proposition: but many of our popular writers are unwilling to admit it, and some of the principal writers on political economy still recommend an adherence to paper currency (under certain regulations) as more advantageous and even more likely to be productive of steady prices than a recurrence to a gold currency.

Changes in the Rapidity of Circulation.

It is the total quantity of money in any country that determines what portion of that quantity shall exchange for a certain portion of commodities—in other words, what shall be their money price. If the *quantity of commodities* remains the same, and the *rapidity of circulation* is neither increased nor diminished, the quantity of money cannot increase or diminish without a corresponding *diminution* or *increase* in its value, and a consequent and corresponding increase or diminution of the prices of commodities. But the rapidity of circulation varies so much, not only in different countries, but in the same country at different periods, according to the progress of civilization and trade, that it deserves particular investiga-

tion. In the progress of wealth and improvement, increased trade requires a larger amount of currency; but the circulation of that currency becomes continually more quick, and the circumstances which produce increased rapidity, and the effect of that increased rapidity in diminishing the quantity of money which will circulate in a country without raising the prices, or in raising prices, whilst the quantity of money remained the same, have not been fully explained by any writers on money. They say, that the quantity of currency will vary in some degree with the extent of trade, and that the improvements in banking and other circumstances, affect the velocity of its movement, and consequently its effective force: but they have not examined the causes of these changes with the attention which is due to so important an inquiry.

The rapidity of circulation, even when all the currency consists of gold and silver, varies materially in the same country at different periods. The increase of banks causes money to circulate much more quickly, because the bankers are constantly receiving deposits from multitudes, (who would, if these establishments did not exist in their neighbourhood, keep their money idle) and lending the same money to others who wish to borrow it. In London the custom pre-

vails almost universally of paying the smallest sums, as well as the largest, by checks on bankers: no bank commission being charged, merchants and tradesmen adopt this plan, to such an extent, in order to avoid the risk and trouble of keeping and counting money, that these cash orders circulate every day, to an amount which would scarcely be credited by any person who did not witness it. These checks supply the place of a very large quantity of money, moving frequently through many hands before they are sent in for payment. In provincial towns this system is not carried to any great extent; but the desire which all bankers feel to make the most interest of the money deposited with them by capitalists, induces them to lend it to such traders as they consider safe, wherever banks are established; and the perfection of the banking system is so great in countries where manufactures and commerce are flourishing, and where a large portion of the population is collected in towns, that every hundred pounds of money may perform the same amount of exchanges that would require a thousand pounds in an agricultural country, and with a scattered and rural population.

As the banking system becomes more extended, the circulation of money increases in a

surprising degree; wherever more is wanted it is quickly provided, so that very little remains unemployed either in the hands of bankers or individuals.

The security and quickness of conveyance increases the rapidity of circulation; how tedious, expensive, and hazardous would be the transmission of specie from one part of England to another, if the roads were bad, and the conveyances slow: how easy it is to remit now compared with what it was fifty years since, when it cost 5s, 10s, 15s, and 20s to get £100 conveyed to London from the country.

The rapidity of circulation is also much affected by the use of bills of exchange; these are not to be considered as a part of the currency of a country, (for reasons which will be assigned hereafter) but they have the effect of economizing the circulation of money very much, by settling accounts between wholesale dealers in the same place, and at distant places in the same country by bills or orders on the metropolis, where the bulk of all payments are made to center; and the economy of specie is likewise greatly increased by the credits which are given of 2, 4, or 6 months, now common in every country of extensive traffick. In the metropolis the system of the *clearing house* economizes the use of money so

much, that it is computed above *four million pounds* of payments are made *every day*, by an amount of specie and bank notes of less than £250,000 ; forty or fifty of the principal bankers meeting at a certain place, called the clearing house, where the business of the day is concluded, by each setting off with all the rest of the bankers the checks and engagements which are there produced, and then paying to each other only the balances that appear to result from such sets-off. Owing to these facilities for increasing the rapidity of circulation, and economizing payments by credit and otherwise, it is probable that in this country nearly the same amount of currency may suffice for all the purposes as was required thirty or forty years ago, when the wealth, population, and trade of the country were so much smaller than at present.

These causes operating with increased strength as a nation becomes more extended and skilful in trade, and the system of banking is rendered more perfect, ten millions of money may perform at one period the same functions which required fifteen millions at another period, so that the prices of commodities may remain the same, although the amount of money is so materially diminished. Some commodities may be higher and some lower, but the amount of *the whole* may not be increased; in the progress of society

the real prices of most articles of the raw produce of the land, as corn, cattle, &c. rise, whilst almost all articles of manufacturing industry become cheaper, for reasons which are explained by Adam Smith, Ricardo, and other writers; but rich countries do not necessarily employ an increase of money proportioned to their increased wealth. Thus fifty millions may suffice at the same period of time for a country like England to carry on its immense traffick, to circulate all the products of its high-priced agricultural labour, to pay above a hundred million pounds £ annum to its artizans and manufacturers for wages, and to answer the government demands of fifty-six millions for taxes; whilst France, Spain, or Austria may require a much larger amount, in proportion to their population, although their trade, revenues, and wealth are much smaller. It is generally believed, that the currency of France amounts to 70 or $\text{£}80,000,000$ sterling, principally silver, scarcely any paper—the circulation of the notes of the bank of France being almost entirely confined to Paris and the vicinity.

If a country in which this rapid circulation has existed, for a certain period of time, declines in its trade, owing to political or any other causes, the same *amount* of currency might remain, although the quantity of business

should decrease materially ; so that there appears to be much less connection between the wealth of a country, and its quantity of money, than would at first view appear probable.

Extraordinary Causes of Increase or Decrease in the Rapidity of Circulation.

But, in countries whose trade and prosperity are in full vigour, circumstances sometimes occur which diminish the rapidity of circulation, and produce the effects of a scarcity of money for a considerable length of time, although the actual quantity of money remains the same. In such countries a very large portion of all the trade is carried on by credit; and when important changes arise either in the political state of the country or in its commercial relations, credit is sometimes affected to such an extent as to produce a great scarcity of money : the real scarcity is in such cases not so great as it appears to be ; but the circulation is impeded, and bankers, merchants, manufacturers, and all kinds of dealers think it prudent to keep a larger supply than usual for their own wants, and are not disposed to extend to their customers the credits which they have been used to give. When gluts are created of particular articles, or when foreign markets are closed for such a period as to paralyze the export trade of the country, the

merchant or manufacturer finding his warehouses filled, and the usual demand suspended, abstains from producing or importing the customary quantities. The anticipation of a great decline in the prices in such cases is generally found to operate more strongly than the real state of things justifies; the regular dealers keeping out of the market as long as they can, sales are forced at continually reduced prices, and speculative capital is not generally invested until the depression in prices is so great, and of such long continuance, that the diminution of supply is remarkable, and an increased consumption is become very apparent.

Where manufacturers and commerce are extensive, new and extensive wants are frequently created, and old ones as frequently decline: so that periods occur where large numbers of labourers, in particular manufactures, are deprived of employment to such an extent, that they can scarcely buy enough of food for their daily support, and cannot afford to buy above one-half or two-thirds their usual quantity of clothing and little luxuries; in such countries instances are not unfrequent, when, owing to bad crops and the deficient quantity of corn or other goods of general consumption, the prices are so much enhanced, that the consumption is diminished, and the circulation of money is less rapid

between the consumers and the dealers, and consequently between the dealers and producers, or importers. In these cases the workmen are partially employed by capitalists, and they therefore do not frequent the shops of the dealers as they used to do; the dealers find their stocks hang on hand, and buy sparingly from the manufacturers or importers:—these last keep their goods or produce less, and the whole circulation of the country is diminished. In England this state of things has frequently occurred since the return of peace, to such an extent, that all trade appeared to be at a stand, and the general complaint was, that the money had disappeared. During the continuance of such stagnation, the money, if it consisted all of gold and silver, could not really be diminished, but would be lying in considerable masses inactive in the hands of bankers, and in smaller portions in the hands of shopkeepers, dealers, and private individuals.

It is not easy to say how *taxation* affects the circulation generally: it must vary in different countries according to the way in which taxes are imposed: this question will be examined in the latter part of this Essay, in which the effect of taxation upon the prices of commodities in this country will be investigated. It is sufficient in this part to shew how taxation impedes and

changes the channels of circulation, and produces inconvenient fluctuations. If all taxes were raised by an equal *ad valorem* rate on *all* the productions of industry, both domestic and imported, and on incomes arising from all realized property, there appears no reason to think that any material effect would be produced on circulation: or if the taxes in any country were raised by equal rates on imported merchandize, as in the United States, where the merchant only pays them as he receives them from the consumers, no great influence would be produced on the circulation. But in general the machinery of taxation is very complex; and the more so in proportion as it increases in its total amount. It is obvious that in the ordinary mode of taxation, by duties on particular commodities, the direct effect is to draw money into that trade which produces or deals in them. If a tax of 20 ¢ cent. were imposed upon all calicoes in the loom, a large sum would be required in addition to what is now employed in that manufacture, which must be drawn from all other trades, and cause more or less a scarcity of money, and an inability to afford the customary credits to dealers throughout the country. If, on the other hand, the duty on sugars, amounting as in this country to nearly 100 ¢ cent. on the value, were to be reduced to 50 ¢ cent., a very

considerable portion of the capital now employed in that trade, would be disengaged, and would gradually find its way into other channels of employment.

The effect of taxation will vary also according to the mode in which the revenue is expended. If in foreign expenditure, as paying troops, &c., the continual drain of money will be so generally felt as to cause bankers and other capitalists to be extraordinarily reserved and cautious of lending money, so that the general circulation will be impeded and languid. If the larger portion of the revenue is applied to the payment of the national creditors, the derangement will be much less; because the capitalists, finding that the greater part returns, through the medium of national consumption, into the hands of dealers, and is speedily distributed again by that means to the different classes of producers, can without imprudence make advances in the confidence of early reimbursement. When the total amount of taxation has remained settled and stationary for some years, the circulation adapts itself to it, and the traders and capitalists can make their calculations and pecuniary arrangements accordingly: but it very often happens that the taxation is either increasing materially for purposes of war, or that it is diminishing on the return of peace. These

changes in the total amount of revenue necessarily have the effect (owing to the partial mode in which taxes are imposed) of deranging the distribution of the currency in the country, and consequently affecting the rapidity of circulation.

The *measures of government* have therefore a powerful effect upon circulation, especially in countries where taxation is heavy, and the funding system is resorted to extensively: the periods when these operate most powerfully are generally periods of war. The enormous sums which were added to our national debt during the last war no longer exist, (excepting in figures)—they were all spent, and a large portion in foreign parts, in subsidies, and payments of our troops in Spain, America, &c. The same twenty million pounds which were borrowed and expended in 1814 were again borrowed and expended in 1815, and every additional loan seemed to increase the facility of raising another. The profits which were derived from government loans made stock-jobbing an important branch of business at the commencement of last century; and every succeeding war this business has employed an increasing portion of the money of this country. Individuals are now never at a loss for what they consider a safe depository of their wealth—hoarding is never practised to any

extent—and the miser, who used to hide his money in chests and holes, now invests it in the funds. It is no sooner advanced to the government than it is gradually transferred to a variety of industrious individuals who employ it in trade. Even when the loans are concluded, a large capital is constantly employed as a floating capital for speculating in the funds : this sum is increased when the regular trade of the country is dull, and, on the contrary, it is diminished when the trade of the country becomes more active. The quarterly dividends now payable in Great Britain, amounting to six or seven million pounds, make a very large addition to the general circulation, particularly in the metropolis, at the periods of payment, and the preparation for these payments causes a scarcity of money for some time previous to these quarterly payments, though not to the extent that might be expected from the large amount of the dividends, because a large portion is immediately reinvested in the funds.*

The effects of the funding system on the money market are therefore various at different periods. When loans are contracted, large sums are at first drawn to the metropolis, but a large portion is soon dispersed into

* See in the Appendix (B) the account of Bank of England notes circulating in the beginning of January, April, July, and October.

the country again: government issues exchequer bills to an immense amount, and makes heavy calls on the bank of England in anticipation of the revenue; but a large portion of the sums so borrowed is speedily disbursed in paying for naval and military stores and munitions, hire for transports, provisions for the victualling board, &c.; so that the capitalists, including fund jobbers and contractors, are continually drawing back into their hands the money which they had lent, in order to lend it again to the chancellor of the exchequer. In this country this system has been accompanied, it is true, by great issues of paper, and it is now admitted on all hands that this paper was much depreciated; but the same effects would have been produced in kind, though not in degree, if our currency had been confined to specie. The circulation would have been at one time much increased in rapidity, and at another much diminished; and by that means the alternations of high and low prices would have been produced: the effect of the great use of paper was to cause prices to *rise and fall much more than they could have done without such use of paper.*

Mr. Mushet, in his late publication on the effects of our bank and paper system, endeavours to prove, by a long and close train of reasoning, and a careful examination of facts,

that almost all the fluctuations in prices which have taken place in this country in the last 20 years or more are to be attributed to an undue increase and decrease in the amount of our currency. He says, that "general prices cannot rise, unless the medium in which commodities are valued is altered;" and resting with confidence on the general soundness of this principle, he appears to me to carry it so far as to do an injury to his own argument. Mr. Tooke, on the other hand, in his valuable work on high and low prices, does not, I think, make sufficient allowance for the effects produced on prices by the fluctuations in the quantity of our currency. If the circumstances which have been pointed out in the preceding pages as affecting the rapidity of circulation, and the economy in the use of money by credit, be correct, they may account for much of the rise and fall of prices, during the periods in question, without attributing so much as Mr. Tooke does to scarcities and gluts, or so much as Mr. Mushet does to actual increase or decrease in the amount of bank of England and country bank notes. It appears to me clear, that in this country we should always be liable to *great fluctuations in prices* at different periods, even although the quantity of currency did not vary materially, and the quantity of commodities

remained pretty uniform ; but that the use of paper is to aggravate such fluctuations exceedingly.

*Fluctuations increased by the Use of Paper
Currency.*

Where a large part of the currency of a country consists of *bank notes*, of such small amounts as to supply the place of specie, the quantity of money, as well as the rapidity of circulation, *will fluctuate more frequently and extensively* than if it consisted of the precious metals only. During such periods of depression or distress as have been referred to, the quantity will diminish *much more quickly* than if the whole consisted of a metallic currency : when the money of any country is wholly metallic, distress and dulness of trade cause the holders to keep their money, or deposit it in safe hands where they may make some interest for it, and bring it to market as soon as possible. But if composed largely of paper, the holders are anxious to get rid of it, on account of some risk which is always considered to belong to it, and all bankers therefore make extraordinary provision for paying their notes ; they hoard gold in order to provide against the chance of a run, and many of them are unwilling to put out new notes, because they do not feel satisfied with

the security of the bills which are offered for discount ; whilst many others who would perhaps continue their issues, are unable to get out their notes as they used to do, on account of the public distrust of their stability.

The issues of bank notes depending so much on the state of credit, their circulation must be peculiarly liable to be influenced by the hopes and fears of the public who receive them, as well as of the bankers who issue them, whereby the state of the currency is rendered *uncertain* and very liable to be affected by political events, as well as by changes in the course of trade.

In proportion as the trade of any country increases, the system of credit is generally found to increase also ; but the general use of paper currency introduces the principle of credit into every ramification of society : the bankers who issue the paper not only lend the real capitals which are deposited with them, but they lend their own credit to tens of thousands of individuals who become possessors of their promissory notes for £1 or £2 ; thus credit is no longer confined to the larger dealings of trade, but the whole of the retail business is dependant upon it, and all the multifarious dealings of society are grounded on mutual confidence. When the community is prosperous, every thing goes on well with such a system. The paper of banks

possessing little property circulates as freely as that of rich bankers ; the bankers' notes circulate every where more rapidly than cash, and are generally preferred as being more convenient. But the very principle of confidence and credit on which this system is founded contains the elements of its own instability. A war, or the apprehension of a war, a bad harvest, civil commotions, or a few commercial or banking failures, are sufficient to shake it to the foundation. The tie which united the community in mutual support is suddenly broken ; it was strong when it was held together by universal confidence, and tied with the slender bands of good opinion and faith ; but as soon as a single thread fails, the whole cord appears to give way ; universal distrust and alarm succeed, and the circulation is so suddenly checked, that the business of society appears as if it were at a stand. There is a demand for specie, but it has disappeared ; and the bankers, formerly so anxious to accommodate the traders, even of doubtful character and stability, are unable or indisposed to discount for the most substantial ; merchants of undoubted property are compelled to suspend their payments ; and the effects of this state of things recoiling on the bankers, the weakest among them are ruined : then succeeds a general panic amongst the multitude, who are

holders of the small notes, and the failures amongst bankers, merchants, and dealers become more general. The quantity of currency, in consequence of such a state of things, diminishes surprisingly. The bank of England and the great bankers of the metropolis are applied to so urgently for specie, and the run on them for it is so great, that a general want of money and of confidence is soon felt there; this disorder reacts upon the country, and universal poverty and distress seem to pervade the commercial community.

But if the general introduction of paper money in the place of specie increase so very much the fluctuations in the quantity of currency and in the rapidity of its circulation, these effects will be more remarkable if any particular company like the Bank of England is invested by the government with a monopoly of the paper circulation of the metropolis and a large district around it, as well as with the receipt of the taxes, the payment of the dividends on the funds, and the management of the whole of the banking concerns of the state. A company so constituted, though really forming no essential part of the executive or legislative government, possesses in no trifling degree a practical share in the powers of government, and from its extraordinary influence over the money market may

exercise a powerful control over the acts of the Administration. The directors of such an establishment, though composed of twenty-four bankers and merchants, who are continually changing, and have their own concerns to attend to, become an imperium in imperio, which generally forward, but sometimes thwart, the measures of Government; and flattered by the power which they possess over all the interests of a great commercial country, will with even the best intentions occasionally commit great errors, and derange the currency in a way which is extremely injurious. All the bankers throughout the country, and the mercantile world generally look up to the Bank of England as a guide for the regulation of their own money concerns; country bankers extend or contract as the Bank of England extends or contracts the circulation of its notes; and, therefore, if the bank directors make a mistake, the effects of it are greatly increased, and the whole circulation of the country is increased when it ought to be diminished, or diminished when it ought to be increased.—(See, for an illustration of these remarks, the observations of Mr. Ricardo, Mr. Mushet, and Mr. Tooke, respecting the injudicious conduct of the bank in 1823 to 1825, and in Appendix (H) an extract from the protest of the bank directors against the measures pro-

posed in April, 1819, for returning to cash payments.)

The use of paper money, moreover, renders the circulation more *uncertain* than it would be with gold, owing to the uncertainty as to the way in which credit is affected by political or other occurrences.

If large sums of gold are sent out of the country to pay for imported corn after a bad harvest, to pay our troops, or to subsidise foreign nations, the natural effect is to make money scarce, and to produce a general fall in the prices of commodities; but in a country where commerce and manufactures are very extensive, and the whole circulation is metallic money, the export of manufactures or other goods would soon bring back the money; where, however, the paper system is established, the quantity of bank notes would increase as the precious metals disappeared, if the general trade of the country was in a flourishing state, and thus we should be prevented for a long period of time from getting them back by the usual course of trade, because our prices would be unnaturally sustained by the increased issues of notes. But if a state of things existed in which confidence was materially shaken, and credit consequently diminished, the export of gold might create such an alarm, that the bankers would not only de-

cline issuing more notes, but would do all in their power to collect gold and silver for the purpose of answering any demands on them for payment of their notes already running, or of balances deposited in their hands. It is *uncertain* what effect would be produced, under the circumstances above referred to, upon the quantity and circulation of a paper currency; and still greater would be the uncertainty in any great political change, as that of a war breaking out, the effects of which upon the trade of the country cannot be foreseen.

Thus it is that the extensive introduction of paper money is calculated to produce a *spirit of gambling* amongst bankers in their money transactions, amongst farmers in their agricultural pursuits, and amongst manufacturers and merchants in the various commodities in which they deal, which leads to a derangement in the distribution of capital, and to such vicissitudes in trade as will at one time check circulation very much, and diminish the quantity of currency, and give them an extraordinary impulse at another. Previous to the late war the number of bankers in England and Wales was only 250 to 300—in 1808 they had increased to about 750—in 1812 to 1814 to above 900—in the four succeeding years they were so much diminished (chiefly owing to failures), that in the year 1818 to 1819

the whole number was only about 600—since then they increased so much, that in 1825 they were above 750, and it is known, that in a very few months since that time about 100 of them failed. Had our currency been only specie, it is probable the number of banks would never have been much more than one-half of what it has been: a large portion of them were established merely in order to issue notes, and the greater part of the failures amongst them have been owing to their doing so with very inadequate capital. These could not have got their notes into circulation without making loans to adventurers of small means, who were tempted like the bankers themselves to play the high game of hazard: indeed the bankers were frequently themselves large speculators in land, mines, manufactures, &c., and advanced their notes as wages to labourers, or to pay for the first cost of mills, machinery, &c. Many of these schemes failed—many also succeeded. It is not our present object to enquire whether the national wealth was increased or diminished by this system; but it is obvious it had a tendency to make trade and agriculture more hazardous and fluctuating, and that it produced great revolutions of property, and violent changes in the currency. It has been maintained that the same speculation and overtrading

might have existed with a metallic currency, and we shall examine this question in another part of this Essay. The only object at present is to shew, that this spirit is very much encouraged by the general use of a paper currency and that it produces, by a necessary reaction, violent shocks and panics, which end in a sudden contraction of currency and circulation.

A singular effect of the general introduction of paper currency is, that local notes are so much confined to the immediate districts where they are issued, that they may for a considerable length of time decrease in one particular district, whilst they are stationary in the rest of the country. Where an extensive trade or manufacture is carried on in a particular county, as that of iron is in Staffordshire or Glamorganshire, and the wages are paid and all the ordinary traffic carried on by the local notes of the bankers; a temporary briskness of that trade may cause an undue increase of the currency, or a temporary depression in trade may be unnecessarily aggravated by the bankers who issue the notes designedly contracting their issues either to answer selfish purposes of their own, or from unwarrantable apprehensions of loss.

A similar peculiarity attending the use of paper money is, that it may increase in a large

part of a country, whilst it diminishes in another large part of the same country, and even in the metropolis. When the currency of the metropolis and of an extensive district is supplied principally (as is the case in London and Lancashire as well as the whole of Scotland) by the notes of chartered banking companies or joint-stock companies, whilst the rest of the country is supplied almost entirely by *local notes* issued by a great number of bankers whose circulation is confined to their respective neighbourhoods or counties, it may happen that the quantity of currency in the metropolis and other places which depend on the chartered banks, may diminish, whilst that of all the rest of the country is perceptibly increasing. The latter is very much confined to the traffic of *agricultural* districts, never mixing with the other description of currency; so that if commerce and manufactures are checked, whilst agriculture continues in a thriving state, which sometimes happens, the currency of the former may diminish, whilst the latter keeps increasing, and *vice versa*. This has been clearly proved in the experience of the last ten years in Great Britain.

The opinion of Mr. Ricardo, Mr. Horner, and other writers on the bullion question in 1810, was, that the quantity of *country* bank

notes depended almost entirely on the quantity of *bank of England notes*; that as the latter increased the former increased in a similar ratio, and that the amount of country bank notes decreased as the bank of England notes decreased. It may be admitted, that the same circumstances which lead to an increase of bank of England notes generally tend to promote an increase of country notes; but there is no necessary *dependance* of the one on the other to the extent asserted by these writers. They say, if an excess of paper be issued in a country district, while the London circulation does not exceed its due proportion, there will be a local rise of prices in that country district, but prices in London will remain as before; the holders of the country paper will then, they say, *prefer buying in London where things are cheaper, and will therefore return the country paper on the bank who issued it, demanding in lieu of it bank of England notes, and thus the excess of country paper is continually returned on the issuers for bank of England notes; and the quantity of the latter necessarily and effectually limits the quantity of the former.* The local rise of prices in consequence of an increased issue of country bank notes must be enormous in order to bring corn or iron from London to Glamorganshire or Staffordshire; and as these two counties have the

entire supply of all the iron consumed in Great Britain, I see no reason why they cannot raise their prices until the profits on making iron are so much increased beyond the ordinary rate of profit in other trades, that the produce is greatly increased, or until the consumption is diminished—results which may not take place for one or two years or more. In like manner when the woollen trade is brisk, an undue increase may take place in Yorkshire in the amount of local notes, without any increase in London or other parts: the Yorkshiremen will be enabled to buy more imported luxuries in London and more commodities in other parts, and they will also consume probably more of the produce of the land of neighbouring districts; but they will pay for all these things in Yorkshire manufactures ultimately: they will not, as is alleged, exchange their local notes for bank of England paper, and then go to the London market to buy goods; dealers from all parts supply them, taking the local notes in payment, and giving them to other factors or dealers who want to buy Yorkshire goods.

Although the irregularities which have been described above are much promoted by the use of paper, it is not to be denied that the same effects might be experienced to some extent with a metallic currency; in the long run paper

money cannot circulate to a much larger amount than specie, either in any particular country, or in any particular district of any country: but the use of paper produces at one time a redundancy and at another a deficiency with a rapidity and to an extent which could not exist with a metallic circulation. On this subject all are agreed:—"It is in fact one of the most serious inconveniences attached to the use of such a species of paper currency as is supplied by the country bankers of England, that it is extremely apt to be, on the one hand, suddenly and unduly contracted in periods of revulsion, or when the price of any large class of commodities is on the decline; and that, on the other, it is very apt to be as unduly enlarged in periods when confidence is high and prices generally on the advance. All persons are aware how vastly the misery and distress occasioned by the heavy fall of prices that took place subsequently to the close of last war were aggravated by the failure of so many of the English country banks.—These failures had a double effect. They not only spread irremediable ruin among those unfortunate individuals who had deposited their money in their hands, but by lessening the quantity of money in the country, they added to its value, and thus rendered the fall of prices much more considerable than it would other-

wise have been. No sooner, however, has the country recovered from its former depressed state, than the country bankers are again adding greatly to their issues. They have confidence in the stability of the farmers and manufacturers, and the latter have confidence in them. Not only do the old houses add to the number of their notes in circulation, but new competitors are every now and then coming into the field, who, from a natural desire to get their paper into circulation, are less scrupulous in their investigations with respect to the circumstances of the applicants for loans."

II.—OF THE "ECONOMICAL AND SECURE CURRENCY"
PROPOSED BY MR. RICARDO.

GREAT as the alteration in the value of metallic money has been, in consequence of the increased supply of gold and silver from the American mines, no other commodities have been found which so well answered the purposes of money. The precious metals have been depreciated very much, but it has been the gradual and slow operation of 300 years; and if they should be now increasing in value, owing

to the mines having in the last 20 years been less productive, the alteration is scarcely perceptible, and even very doubtful. A metallic currency then is still the most convenient and secure medium of exchange; it is the most convenient, because it contains the greatest value in a small bulk, and consequently is easy of transmission; and it is the securest, because it contains a known quantity of metal which is in constant demand at its full cost of production.

But it is this last circumstance—the *cost* of a metallic currency—which has been considered by some eminent political economists as the principal reason why the use of it should be superseded by a paper currency, which they say, provided the paper be accompanied by a clear ability and liability to be exchanged for coin or for bullion on demand, would enable us to *dispense with so costly an article as gold for money*, and allow us to *exchange* it for the purchase of *more useful commodities*. Their argument is, that paper would be equally secure, and being more portable, would be more convenient; and they maintain, that if paper be at any time reduced below the value of the metal by over issues, every holder of the paper would immediately exchange it for coin or bullion, and thus the issues would necessarily be reduced to the same amount as would be in circulation if gold

and silver were the only medium of exchange. They also propose, that if the issues of paper be at any time reduced below the convenient and proper amount, (which they admit might be the case in periods of alarm arising from war, or sudden changes in the state of trade, and of which the bankers might avail themselves to make a profit by buying gold) a remedy may be applied by making it obligatory on the bankers who issue notes to buy gold at a fixed price; by these restrictions, they say, the value of the notes might be kept steadily conformable to the metallic standard, and the coin might be wholly dispensed with.

We have seen how many changes may take place in the value of money in a country when it is metallic; that it does not remain as fixed as would be desirable, and we have endeavoured to shew how much greater these changes are where paper forms a large portion of the currency. The advocates of paper currency, however, maintain not only that paper would in ordinary circumstances answer all the uses of the metals, (if guarded by the precautions mentioned above) but that it would be *less liable to fluctuations in value*, and that it would be peculiarly useful in supplying the place of the precious metals, when these are sent out of the country on any extraordinary emergency (such

as for the purchase of corn in years of scarcity, or for paying troops, subsidies, &c. in periods of foreign war); and that in those critical circumstances which occur occasionally, affecting commercial credit, as civil commotions, paper possesses an advantage over gold in not being liable to be hoarded by the timid or the avaricious. In Mr. Ricardo's "Proposals for an economical and secure Currency," p. 8, is the following paragraph:—"Amongst the advantages of a paper over a metallic circulation, may be reckoned, *as not the least, the facility with which it may be altered in quantity, as the wants of commerce and temporary circumstances may require, enabling the desirable object of keeping money at an uniform value to be, as far as it is otherwise practicable, securely and cheaply attained.*"

This *facility* with which a paper circulation may be *altered in quantity*, as the wants of trade and temporary circumstances require, appears to me to be one of the greatest objections to it; instead of promoting the "*desirable object of keeping money at an uniform value,*" it has a decided tendency to produce the contrary effect. From the definition and explanation given of the nature and uses of money (in which Mr. Ricardo and his school agree with those who deny their conclusion *as to the superiority of paper money*)

it follows, that it is of no consequence whether the whole currency of the commercial world be 300 or 600 millions ; and that each country must on the whole possess that share of the whole mass of money which its trade requires. The *wants of trade*, then, it will be conceded, will draw to this country whatever money may be required to carry on our trade both internal and foreign, to whatever extent it may be carried on from one period to another. But if *temporary circumstances* arise, which create a use or demand for a greater quantity of money, the power of satisfying that demand sooner than it would be satisfied by the import of money from other countries, or from the effects of more rapid circulation at home, appears to me of very doubtful utility. If an import of corn be wanted, it may be obtained as fast as it is generally desirable by sending gold to buy it, which will be got back in a reasonable time by the fall in manufactures and other exportable commodities ; whereas, if paper is the *only or the principal money in the country*, we have no means of purchasing a speedy supply of corn, for an *increase of paper* will, by *keeping up high prices of all commodities*, check the export trade in manufactures, by which alone we must eventually pay for the corn which is wanted. In the same manner, if any great national object requires a

foreign expenditure we cannot send out gold, but if government borrow the money as usual, by an issue of exchequer bills, this increases the whole currency and raises prices, and so deranges the course of trade; whereas, if we had a gold currency, the gold would go as fast as it was purchased by the exchequer bills, and the fall in prices consequent on this would gradually bring it back again. Mr. Ricardo's statement therefore, appears incorrect, and inconsistent with his own principles.

The party who reason thus admit that it is the actual amount of the gold and silver contained in the coin, or the labour necessary to produce and bring it to market, which constitutes the value of money just as of any other article; and, in short, that money is in all respects a commodity which is bought and sold like corn or any other merchandize. But, say they, the bank notes, if made by law convertible into specie or bullion, at the pleasure of the holder, contain the guarantee or security for the value, "*and must therefore be considered in all respects the same as the money itself, and cannot ever become depreciated by over issues, so long as they are convertible into money on demand.*"

It appears as if the acute writers who maintain this doctrine had forgot that no paper currency which has ever been invented does contain

a perfect security for its professed value, and that it is the essential advantage of metallic currency that it contains *in itself* a certain known quantity of an article, gold or silver, which is in constant demand in all parts of the civilized world, not only to be used as money, but for other purposes. A quarter-oz. of gold or a sovereign is worth a hundred weight of lead, or a certain quantity of any other commodity, because it contains an ascertained weight of pure gold, which cost as much labour to produce it as the lead cost; and because it possesses chemical and mechanical properties of great importance in the arts of life, in which it far surpasses both lead and all other metals; but the bank note for one pound costs little or nothing, and therefore has no real value; and though it may buy a hundred weight of lead to-day as well as the sovereign, it may not buy a *pound* of lead the next week, because the bank that issued it may lose the public confidence. This difficulty is got over by those who recommend paper money, by proposing, that all bankers issuing notes shall be required to give security in lands, or the public funds, to the amount of two-thirds, or the whole value of the notes which they issue; such security to be available for the payment of them in case of need, and to be for that purpose assigned to

commissioners, appointed by government, who are to be furnished with periodical accounts of all notes issued by bankers. It would be difficult to regulate this system of securities in a satisfactory manner; for land fluctuates in value, and the public funds still more so, both of them from the vicissitudes of war and peace, and land also from the rise or decay of particular places and other causes; and even supposing complete security could be given, all the uses of a safe currency would not be insured, because the land would not pay the notes immediately if the banker had a run upon him; and if he failed, those who happened to hold them would suffer the usual inconveniences before they could get the payment from the estates given as security.

In this scheme, however, the party who recommend it have not shewn how it would guard us from the effects of an unnecessary contraction of currency in periods of revulsion and distress. These effects have been fully pointed out in the article on "Banking," in the Supplement to the Encyclopædia Britannica, written by Mr. M'Culloch. But he has not explained how these evils would be prevented by the guards and checks which form a part of Mr. Ricardo's "*Safe and Economical Currency*:" this plan provides, that the bank shall be bound to purchase gold at a small reduction from the stand-

ard price at which they are bound to sell it. But this regulation will not prevent the country bankers from greatly reducing the current amount of their notes, in periods of distrust and distress, to the inconvenience of the public, whose only relief will still remain as at present to be derived from an import of gold.

The advocates of Ricardo's plan cannot deny that bankers, whose profit depends so much on the amount of their issues, will be as anxious as ever to increase them when trade appears to them flourishing, and as desirous to diminish them when any unfavourable change occurs: the machinery of the plan does not disqualify them from doing this, nor is it provided with any check or index to point out either to them or to the public when the amount of currency is redundant or deficient. The increased security to the holders of the notes may prevent the great evils to the working classes arising from sudden panics, but it will not give more sagacity and moderation to the merchants and bankers; and whilst the facility of creating currency is so great, the bankers will produce, and the traders will employ it in an excessive quantity, and so bring about those intermittent fevers in the mercantile world which arise from too much excitement. It is true, the proposed system would throw the banking business more into

the hands of men of real property, and more caution would probably be the result ; but the bankers would be as likely to make mistakes as the present set of bankers are, or as the directors of the bank of England, who, it is admitted, have erred like their brethren in the country in making large issues when they ought to have drawn in, and in diminishing their issues when they ought to have been liberal. If this view be correct, what is the annual computed gain arising from disengaging so much gold for the purposes of productive industry, if even it could be realised to the extent alleged, when set in the balance against the national loss which arises from those periodical revulsions, which have been the fate of this country since the return of peace.

If, however, this cumbrous and difficult system of securities could be reduced to practice, and the bankers were to acquiesce in it, (which I think they would not from the inquisitorial scrutiny that must accompany it, in addition to the inconvenience and possible loss) I cannot see how we should gain what is pretended by the experiment of parting with the precious metals for bank notes. The gold and silver are not proposed to be divided amongst the members of the community as good things of which they have hitherto not had the benefit : they will

go away to other countries, and we are to have promissory notes in lieu of them; we cannot keep them both in circulation, and the notes (supposing them to be introduced on the secure basis proposed by Mr. Ricardo, Mr. Mill, and Mr. M'Culloch) would gradually drive away all the specie. This they admit; and they say, "Let us part with such an expensive instrument as gold in order to disengage it from its unproductive employment, and convert it into food, tools, and the raw materials of production, in order to increase the productive powers of the country." If we could obtain these advantages, it might be worth our while to steal this march on the rest of the world. If every individual could provide himself with better clothing or furniture, without paying for it, or ornament his tables with an increased supply of plate, or if every labouring man could obtain an increase in real wages, or if an increased number of workmen could be employed, the proposed advantages would be realised. But let us trace the operation. The bankers have arranged their securities, and they begin to issue their notes in increased quantities; they will not however, give them without value in something; they will discount bills, or purchase all the gold they can, for they know from experience that the increased issue of their notes will create a de-

mand for gold for export, and that they can make a profit of it. They may perhaps, however, get three, four, or five million pounds into circulation before the gold begins to disappear. This increase of circulation causes prices to rise all through the country, and will bring in consequently an increased import of oil, wine, cotton, and many other useful and agreeable commodities. But these will be paid for in the usual way by the importer, and he will make the consumer pay for them in the usual way; nay they will be paid for at higher prices; for the millions of gold which, by the supposition, will be set at liberty must raise the prices considerably in all places from whence they are imported, owing to the sudden and extensive increase of currency and of demand. Having raised prices abroad, by adding perhaps 5 to 10 ¢ cent. to the currency of Europe, we should soon witness a corresponding increase of prices in this country; but still the gold would continue to go out (to the detriment of our export trade in manufactures, &c.) till we had disposed of all our precious metals except what bankers might deem it prudent to retain as reserves.—The only consequences, as it appears to me, would be, that a temporary impulse would be given to production in foreign markets, and to consumption as well as production at home;

but I think these effects would only be temporary, for reasons which I shall presently assign. Our warehouses would be over-stocked with raw materials and foreign commodities; but would the change add to our comforts and our wealth, permanently, by increasing (as is alleged in the hypothesis) *our powers of production*? Foreign nations would be drained of their stocks of wine, oil, &c. but we could not consume them much more extensively than usual, (though we might in some degree if prices fell owing to the glut) and the glut would therefore prevent our taking our customary supplies for an unusual length of time. New wants are not suddenly created; and in order to gratify them the power of purchasing must be increased. But by the process of our issuing 20 millions of paper, and thus sending the gold out of the country, prices of every thing must be enhanced in Europe, in the proportion that this sum bears to the currency of Europe, and by a necessary consequence prices in England must also be increased in the same ratio. How then could the power of consuming be increased permanently? If it is said, because wages would rise with the general rise, the answer is evident, that the increased wages would not enable the labourers to purchase more bread or any other comforts of life, because every thing would be made dearer by

the same causes which raised wages, and they would have no motive to labour harder than before. The increase of wages also might enhance the cost of production through Europe, so that the increase of supply, and the new stimulus given to production, would soon be checked.— We have witnessed this process in the course of the last few years in our trade with Europe and America, to the great detriment of our merchants and manufacturers. Our gold went by millions for three years successively, and we had an immense increase of import ; but we experienced no corresponding increase in our consumption of foreign commodities ; some increase indeed was apparent for a time, but it was soon checked, for prices rose so much that the consumers were not able to take more than they used to do. The impulse therefore which was thus given to increased consumption and production was speedily countervailed, and a dreadful reaction took place, for the impulse was not founded on any sound principles, or on the natural growth of industry and population.

It may be said by those who object to this mode of reasoning, that it is not necessary that the 20 millions of gold and silver should be disposed of in the manner which I have supposed ; that the principal part of it might be employed in works of utility and productive industry at

home, and that whatever portion was sent abroad might be exchanged for *new* objects of utility or enjoyment; and that a large sum might be employed, not as money, but (as gold is frequently used) for melting into beautiful, useful, and valuable works of art. It cannot be denied, that if the government chose to buy up the 20 millions of gold, (giving the notes of the government bank instead) they might expend the store of gold thus acquired in the employment of ingenious artificers in fabricating works of art, which would add to the wealth and splendour of whomsoever the government might give the enjoyment of them to; and it may also be admitted, that private bankers purchasing the gold in exchange for their own promissory notes, might use much of the gold in the same way; it is certain, however, that either government or private bankers would retain a part (perhaps one-third, perhaps one-fourth only) to answer the demands of holders of their notes, who by the hypothesis are to have gold on demand; and with regard to the other three-fourths or two-thirds, it may safely be assumed, that they will do with it what they think most advantageous to themselves; they probably might add to their stocks of gold and silver utensils and ornaments, and thus cause more plate to be manufactured; and the tables and

houses of the bankers would be ornamented and enlarged, and probably their estates be improved by more expensive tillage ; but the enriching of the bankers, if it followed from the change, is not the advantage contemplated by the advocates of the plan. In fact, bankers and merchants would buy the greater part of the gold coin now in circulation, and each of them would dispose of it as his own interest led him ; the bankers who would buy it, however, would not, for the most part, be those who issued the notes ; these last would probably only buy enough to form a reserve for occasional demands. The bulk of the gold would find its way into the hands of those merchants who are in the habit of trafficking in gold, and they would find it for their interest to export the greater part as before explained. If then it be asked, would not the bankers who issued the new twenty millions of paper be benefitted ? the answer is, “undoubtedly very much,” and they would be the parties chiefly benefitted ; if they conducted their business with prudence, they would gain 4 or 5 $\frac{1}{2}$ cent. interest on their notes, as far as they exceeded the amount of their reserves of gold and the expense of stamps, without losing the rents of their estates which were put into pledge. Prices of all goods in England would be raised, perhaps 5 $\frac{1}{2}$ cent., the same as prices

in the rest of Europe to which our gold was sent, as explained above. But the partial advantage to the monied interest would not be accompanied by any material advantage to the country, and it would be attended by consequences of a serious nature, viz. those which result from fluctuations in the quantity of currency in the world, and particularly from the alternate increase and decrease of it in this particular country. These we will now endeavour to trace.*

III.—THE EFFECTS OF AN INCREASE OR DECREASE OF THE CURRENCY.

AN argument has been maintained by Mr. Hume and some other writers since his time, that an increase in the quantity of money in the world produces favourable effects upon the industry and productive powers of mankind, and consequently tends to increase the wealth of nations.

* In book 2, ch. ii. p. 434 to p. 437 of the "Wealth of Nations," this subject is touched upon in such a way as would lead the reader to think Adam Smith entertained partly the same views as Mr. Ricardo, with respect to the advantage of parting with an expensive metallic circulation for the cheap currency of paper. But the decided conclusion of all his interesting disquisitions on money is in favour of a metallic circulation for the retail trade of every country.

Mr. Mill has, I think, satisfactorily refuted this opinion in the 12th Section of his "Elements of Political Economy." He says, "the agents of production are the commodities themselves, not the price of them. They are the food of the labourer, the tools and machinery with which he works, and the raw materials which he works upon; these are not increased by the increase of money—How then can there be more production?"

The increase of the quantity of money raises prices he admits; but he says, justly, that exactly in proportion as the buyers raise prices, by coming to market with an increased quantity of money, they sink the value of money, and buyers and sellers are speedily restored to the same relative situation that they were previous to the increased quantity which the buyers brought into the market.

It has indeed been maintained, with some appearance of truth, that (*in general*) *wages* do not rise for a long time after the prices of commodities have risen; and that the power of production is consequently increasing during each successive period of time in which prices are rising, owing to the increase of gold and silver in the world; capitalists, it is asserted, having more money can employ more labourers, and are induced to do so by the increased profits which

they obtain on their products. But if we admit as a general principle that the rate of wages depends on the cost of maintaining the labourers in the manner to which they are accustomed, we must also admit that their food and clothing must rise in price as well as other articles ; and therefore if the quantity of labourers in the market is not superabundant, the price of their maintenance must advance in proportion to other things, though probably not for some little time.

It is possible that they may submit to live in a poorer manner than they have hitherto done, in consequence of bad civil institutions or other causes ; but this degradation would not *necessarily* be the consequence of an increase in the prices of all articles ; on the contrary, the inducement which it is said capitalists would have to employ more labourers would tend to increase the rate of wages. An important class of society however would be much injured by the change, viz., those who depend on fixed money annuities, and land-owners whose incomes depend on leases at fixed rents ; debtors, under such circumstances, would be proportionably benefitted, but the bulk of the community would not be so. If they had a greater quantity of money to expend they would find the prices of every thing proportionally advanced, and they would re-

main in the same situation as they were. This is the view which is maintained by Mr. Ricardo and Mr. Mill ; and I think their argument is sound, assuming that the money of the world increases merely owing to the melting down of plate, or that the existing stock raises prices by acquiring greater rapidity of circulation or economy of its use, or by one country substituting paper for money, and thus throwing a larger quantity into the other countries of the world. But if the source from which the additions of money be derived is the discovery of new mines, or the extension of old ones, so that many more hands are employed in the extraction and preparation of the metals, then we must admit that the countries from which we draw that increase of money would become customers to the rest of the world for a proportionably increased quantity of manufactures and other things which may add to their comforts and enjoyments. In Mexico the inhabitants have increased very greatly in population and civilization in the last 200 years, and this is principally owing to the value of the 4 or 5 millions of silver sent to Europe annually (for the Mexicans export little else); and having scarcely any manufactures of their own, they import from Europe to a large amount all kinds of clothing, &c., and this demand must certainly, as it becomes more exten-

sive, give new stimulus to industry in Europe. Gold and silver being commodities like all others, and more universally and steadily in demand than all others, must at all times command in exchange an increased quantity of other things, proportioned to increased quantities raised from the mines of the world.

The *increase of currency* in the world is not therefore an unmixed evil, though it appears to be injurious upon the whole; and if we enquire into the probable effects of a *decrease*, which may arise from an increased expense of getting the precious metals and bringing them to market, we shall find, that confusion is equally produced in contracts—some parties being benefitted at the expense of others; but that on the whole the community is not benefitted.

The first effect of making money scarce is to reduce prices generally, and to benefit annuitants and land-owners who have let their estates for terms of years on fixed leases; but proportionally to injure the parties who had entered into contracts previous to the alteration in the quantity of money; and in proportion as the import of gold and silver from South America decreases, in the same degree must the export from Europe of the articles suited to the consumption of the places where these metals are procured decline in quantity and value.

Thus in every view of the subject the fluctuations in the quantity of money in the world are injurious on the whole; though capitalists may be benefitted in consequence of the more early and accurate intelligence which they, from their daily occupations and habits acquire, respecting all changes in prices and the state of the money market.

Let us now consider the effects of an increase and decrease of currency *in this country*, a question of some moment, and on which much diversity of opinion still exists.

*Of the Fluctuations in the Quantity of Currency
in Great Britain.*

In the first part of this Essay, the circumstances which accelerate or retard the *circulation* of money were explained, and it was shewn how considerably the rapidity of circulation may vary in the same country, sometimes for short periods, owing to changes of a temporary nature, and sometimes permanently, owing to the effect of fiscal or commercial regulations and changes in the course of trade, or the measures of government. In pursuing the inquiry, it appeared that the use of *paper* money is calculated not only to increase the tendency to violent and inconvenient changes in the *rapidity*

of circulation, but also to produce greater fluctuations in the *quantity* of money than would be likely to occur if it was wholly composed of gold. With a metallic currency the increase or decrease will be slow and gradual; but with a paper currency it will be more quick and violent; and it depends on so many circumstances which influence the hopes and fears of the public who receive it, as well as the bankers who create it, that the supply must be extremely *uncertain*. If the trade of the country required an additional quantity, the increase of their issues would depend principally on the state of credit at the time, and the bankers might actually diminish their issues at the very time when they could increase them with safety, and with advantage to themselves as well as to the country, and *vice versa*. It is impossible to ascertain at any time what is the exact amount of money circulating in any country, and it is extremely difficult to say at any particular time whether there is a deficiency or a redundancy; but in a country like this, where seven or eight hundred bankers depend for a large portion of their profits on the notes they issue, it may be fairly presumed, that they will generally err on the side of too much when trade is brisk, that the inevitable fluctuations in trade will be attended by more violent fluctuations in the cur-

rency than would take place if it were metallic ; and that these will react on the trade, and aggravate the distress arising from other causes ; in a country where so much depends on credit, this must be remarkably the case. It is, however, very difficult to ascertain how far the fluctuations in the currency are the cause, and how far they are the effect of commercial shocks or revulsions. If we examine those which have occurred in this country, we shall find, although we may doubt how far the distress was *occasioned by the changes in the currency*, that these changes took place to a much *greater extent* than they could have done if the currency had consisted wholly of specie, and that a great aggravation of losses and sufferings was the consequence.

In the course of the enquiry we examined the effect of substituting a paper for a specie currency upon the industry and the productive powers of this country : it appeared, that if twenty million pounds were so exchanged, it would have the effect of raising prices in Europe probably 5 per cent. or more, because an equal quantity of gold would necessarily flow from this country into the general circulation of Europe ; our prices would also rise in the same proportion, and we should, therefore, find employment for an increased currency to the same extent. On the other hand it follows, that if

we were to change our currency back again from paper to gold, as we could only do it by drawing just so much currency from the circulation of Europe, prices in this country and in Europe generally (and indeed throughout the world eventually) must decline just *in the proportion that the amount of paper cancelled in Great Britain bears to the whole currency of Europe, including Great Britain*. If the currency of Europe, including this country, be three hundred millions, and we exchange thirty millions of our notes for gold and silver, the prices ought to fall about 10 per cent. ; if we exchange fifteen millions, then the fall in prices should be 5 per cent. It did not appear, that any advantage to trade and industry could result from such changes, but that great evils arose from the fluctuations in prices incident to them. Beyond the amount indicated above, it is impossible permanently to maintain our increase of currency in this country by substituting paper for gold. There is no power or property in paper, which will enable it to circulate steadily and permanently in any country (if it be exchangeable for gold on demand) to a larger amount than specie would do. A paper currency will often *tend to excess*; but this tendency will be soon counteracted by the bankers who issue it being called on to give gold for their notes: this may not take place

for a year or two, or even a longer time, and consumption as well as production may go on during this period of time increasing, and so absorb the increased currency ; but, for the reasons which have been before explained, this state of things must end in a general derangement of trade with the rest of the world, by a glut of those articles which we import, and a want of foreign demand for whatever we export. As long as any gold remains in the country, it will go out till our prices are reduced to their proper level compared with those of other countries ; and if all the gold is sent away, and the currency still continues excessive, it will be apparent by a derangement of the exchanges, and the bank notes will continue to be taken in for payment until the prices are reduced to their proper level, compared with those of other countries. The reduction will probably be carried, indeed, for a time so far, that there will be a deficiency of circulation, and a considerable importation of gold will take place before trade recovers its balance, and prices of commodities are adjusted at their proper level. This has been shewn to be the natural and almost necessary consequence of the use of paper money in a country like this, where credit fluctuates so much, and the regulations of trade and revenue are so artificial and complex. There is a constant

tendency to extremes. Twice since the return of peace has the whole trade of the country been deranged, and the currency become alternately redundant and deficient to an extreme and injurious degree—to a degree which it could not have been, if our currency had been confined to the precious metals.

Passing over the long period from 1797 to 1818, during which the bank paper was not convertible into coin or bullion, we will confine our remarks to the circumstances which have occurred to throw light on this subject since the resumption of cash payments in 1819.

In the years 1821 to 1824 a large addition was made to the specie currency of this country by imports of gold: much of this went into the coffers of the bank of England, where it had accumulated to the amount of above twelve million pounds in 1824. A considerable portion of it however was coined and went into circulation;* the quantity of *paper* currency was also greatly increased in 1823, 1824, and 1825, so

* In 1821 it appears that £9,500,000 were coined in gold.

1822	"	5,250,000	"
1823	"	750,000	"
1824	"	4,000,000	"
1825	"	4,500,000	"

£24,000,000 of which about four million pounds were re-coinages of guineas into sovereigns; so that the bank of England actually purchased about twenty million pounds of gold in 4 or 5 years.—See Tables in Appendix.

that the whole circulation of the country was in these latter years much increased. The importation of so much coin was partly the consequence of a demand for it by the bank of England, in order to carry Mr. Peel's bill into effect, and partly of a larger exportation than usual of manufactures and other goods from this country, which arose from the low prices of 1820, 1821, and 1822, when the home trade of the country was much depressed, and when the quantity of bank of England, and more particularly of country bank notes was diminished by the declared necessity of preparing for cash payments in 1822, in conformity with the act of 1819. In the report of the secret committee on cash payments in 1819, they say, they are inclined to think the total amount of country bank notes had been about £25,000,000 sterling, (report, fol. 19) but some of the witnesses estimated it much higher. The diminution in the circulation of these notes in 1819, 1820, and 1821, is estimated by Mr. Mushet at 76 per cent. apparently on good grounds.—See Appendix (C).

There are no data which enable us to ascertain the precise increase to which the currency, metallic as well as paper, had attained in 1824 and 1825, but there is reason to think it was 40 per cent. : the consequence was a general increase in 1823 to 1825 in the prices of all kinds

of goods and of land, in wages, the public funds and securities, and a fall in the interest of money from 5 down to about $3\frac{1}{2}$ per cent. An unusual impulse was thus given to manufacturing industry; agriculture seemed to flourish as much as trade, and rents advanced: labourers were every where fully employed, and money was so abundant that the wildest schemes were formed and eagerly embraced for employing our superfluous wealth; we imported vastly more than usual of many of the most important articles of foreign growth. We did not, indeed, retain all the gold which had been imported; about six million pounds of it were exported again, because the issues of the country bankers had increased so much since the act of 1822, (passed at the instigation of the agricultural interest, for the purpose of relieving the country by a temporary relaxation of the act of 1819) that the specie necessarily flowed back to the Continent to restore the equilibrium of price between this country and the other nations of Europe which had been destroyed. The extraordinary imports of 1825 were the consequence, being six million pounds more than 1824, whilst the exports were two million pounds less than 1824.

VALUE OF IMPORTS

Of the following Articles into Great Britain, calculated at the Official Rates of Valuation, in the Years 1823, 1824 and 1825 :—

	1823	1824	1825	Increased Quantity of 1825 above 1824.
	£	£	£	
Butter.....	168900	222768	398081	70 ½ cent.
Cheese.....	138536	235437	331661	50 "
Cochineal and Granilla.....	515615	179167	242738	30 "
Corn, Grain, Meal, and Flour.....	41000	456200	1128341	150 "
Flax.....	1082554	1455709	2078844	33 "
Indigo.....	957208	667707	895959	30 "
Iron in Bars.....	131272	139101	226527	60 "
Lead, Pig.....	5565	10632	92459	950 "
Linens, Foreign.....	24039	23310	34828	50 "
Oil, Olive.....	114809	115706	210564	80 "
Quicksilver.....	79	110177	380097	300 "
Seed, Flax and Lin.....	169606	212284	296420	30 "
Silk, Thrown.....	431570	401533	928245	120 "
Skins and Furs.....	259839	272279	336109	20 "
Tobacco.....	328322	200788	371576	80 "
Wines.....	718151	724803	1178930	70 "
Wool, Cotton.....	6241561	4864788	7404445	50 "
Wool, Sheep's.....	678524	762735	1436831	90 "

Total Imports of 1825 $6\frac{1}{2}$ million pounds more than 1824.

Though the exports of 1825 were $1\frac{1}{2}$ million pounds less than 1824 in *real quantity*, they were rather *greater* according to the *declared value* of the exporters, the prices being so much enhanced by the unnatural state of the currency. See accounts in Appendix (D).

Official Value of IMPORTS into Great Britain, and EXPORTS from Great Britain (excluding *Ireland* altogether).

	Imports.	Exports.
1818	£35,850,000.....	£52,800,000
1819	29,680,000.....	42,850,000
1820	31,500,000.....	48,340,000
1821	30,000,000.....	50,760,000
1822	29,500,000.....	52,800,000
1823	34,600,000.....	51,730,000
1824	36,200,000.....	58,000,000
1825	42,600,000.....	55,600,000

In the year 1818 there was a large import of corn.

In the year 1820 to 1822 there was a large export of manufactures, owing to our low prices, and the import of gold by the bank, &c.

N. B. The imports of gold and silver are not reported at the custom-house; if the quantity actually imported in 1819 to 1824 were included, the imports would appear probably 20 or 25 per cent. more than appears in the above accounts.

During a space of two to three years, whilst this active state of trade continued, there did not appear to be an over-production of any articles, the produce of our land, mines and manufactures, nor any over-supply of any articles imported from other countries; consumption seemed to keep pace with the increased supply: let us here examine the cause of this phenomenon. In a rich country like this, where the arts of life are highly cultivated, and where clothing, fuel, and all kinds of manufactures are cheap, the bulk of the people have become habituated to a variety of comforts and indulgences in their mode of living, which are unknown in poorer countries, and of which a large portion are imported; by the bulk of the people, I mean, not only the higher and middling classes, but a great part of the artificers and workmen; even the poorest labourers in the fields consume many foreign articles, as tea, coffee, sugar, tobacco, &c. to a much greater extent than the same class do in other countries, where they are mostly supported by the land on which they work, and are clothed with domestic fabrics.

In this artificial state of society, it may be expected, that when prices of domestic or foreign commodities rise in consequence of deficient supplies, the people will consume so much less as to make trade dull, and that when articles are plentiful and cheap, the consumption will be considerably increased. Our revenue regulations and corn laws promote these alternations of briskness and dulness; and the excessive taxation tends to increase them:—There is a tendency to *extreme fluctuations in prices and consumption*.*

* An article in No. 87 of the “Edinburgh Review,” on “Commercial Revulsions,” explains very clearly how the restrictions which are imposed by law on our trade with foreign countries aggravate the evils which arise from natural causes when changes take place in the course of trade. The most remarkable of these prejudicial restrictions are the Corn Laws: when we have a bad harvest, so as to require an import of corn, the first effect is to drain us of our specie (for other goods cannot be produced in this country, nor markets found abroad with sufficient quickness to supply the means of paying for the required import of corn); if the paper system did not supply the place of the gold on such occasions, we should experience a fall in general prices of all commodities, except corn, and our exports of manufactures would thereby be increased so much that the export of specie would be checked. But as it is, the vacuum occasioned by the export of gold is soon filled by an increased issue of bank of England and country notes, and prices keep up higher than they ought to do.

On this point Mr. Tooke says in his pamphlet on the Currency, page 90—“Where a prohibition of import of articles of extensive consumption exists, especially when that prohibition extends to so important an article as corn, an interval of greater length may elapse before the level of a currency, which has been disturbed by excess, can be restored, than where there is a perfect freedom of trade. But it is probable that the excess could not have taken place at all, and certainly not to the same extent if corn had been importable at a moderate duty in 1823. The price would not have risen as it did, giving occasion, as has been shewn, to an increased circulation of country paper; neither would it have been liable to the great fall, which after an interval of famine is, under the

If, however, when prices are gradually rising, as they did in 1823 to 1825 after a long depression, there be an increased quantity of the circulating medium created by any cause, (such as the increased confidence of the bankers in issuing their notes, and in discounting the bills or promissory notes of farmers, merchants and manufacturers) the rise in prices will not necessarily check consumption for a considerable time, because the manufacturers and tradesmen in all the towns are induced, by the great facility of getting money, to employ more labourers, or at better wages, and it is invariably found, that the work people spend almost the whole of their wages as they receive them; and so in the farming districts, the cultivators of the land obtaining easy accommodation from their neighbouring bankers, are encouraged to extend their operations in various ways. The dealers and shopkeepers, finding the same plenty of money, and brisk sale of their commodities, increase their stocks, and thus the circulation increases so much between manufacturers or merchants and dealers, and between dealers and consumers, that a larger amount of currency appears quite as essential as a small quantity did when

present system, inevitable. Our corn laws, therefore, besides all the other evils which they produce, aggravate the fluctuations to which the value of the currency is liable."

trade was depressed a short time previously. Seven or eight hundred bankers, all anxious to increase their profits by the circulation of their notes, (many of them possessing very little real capital) are easily persuaded that they are only accommodating their issues to the wants of trade in their respective vicinities; and they are tempted to lend £1000 to an industrious farmer to stock a farm, or £10,000 to a skilful and enterprizing manufacturer to build new works for spinning or weaving. In like manner, the foreign merchants, perceiving an increase in the consumption of the great staples of our manufactures, and of all articles of luxury, and finding that they can obtain ready discount for their bills, import and export to a much greater extent. And to complete the bustle thus created, by an apparently universal increase in wealth, the capitalists in the metropolis, and in the great places of trade, buy and sell amongst each other on the fallacious idea of scarcities; and the gamblers on the Stock Exchange make the wildest speculations and investments in the loans and funds of foreign governments, all which promotes still more the export trade, so that there appears to be a vast increase of the demand for foreign goods at home, and for our manufactures abroad.

In pages 105 to 110 of Mushet's book on the

Currency is an interesting argument on the spirit of speculation, which he maintains is not naturally a consequence of *scarcity*, as Mr. Tooke had assumed and explained in his work on high and low prices. Mr. Tooke says, "the circumstances which give rise to a spirit of speculation and over-trading are scarcity, or, in other words, deficiency of supply of some important article compared with the average consumption, and the opening of new and extensive markets, or in general of any new sources of demand;" and, "that a casual scarcity of agricultural produce in particular most powerfully contributes to a temporary increase of the circulation of *private* paper." Mr. Mushet appears to me to have successfully shewn, that the connexion pointed out by Mr. Tooke does not necessarily exist; although *the facts in this country, during the last twenty years*, appear to warrant Mr. Tooke's statement, the conclusion at which Mr. Mushet arrives is, I think, correct; and this anomaly must be attributed to the undue excitement to speculation and consequent misdirection given to mercantile operations, by the effects of our paper currency system.

The spirit of speculation is nothing but the desire of gain, leading to an extraordinary investment of money, in whatever articles are most likely to yield a profit beyond the ordinary

returns which the regular trade yields; and if any commodity be depressed in price by an unusual supply, so that the future supply is likely to be diminished, it is obvious the desire of gain is as likely to lead to speculation in such an article, as in one which is raised by scarcity to such a price as tends to check the consumption and increase the supply. Speculation therefore may equally arise from superabundance as from scarcity; the best speculation in this country was in 1822 when wheat was in abundance, and sold at four shillings per bushel, and the worst in 1818 when it was scarce, and so dear as to produce a diminution of consumption and increase of supply. The effect of the unhealthy state of our currency, and the uncontrolled issue of country paper, has been to encourage an undue spirit of speculation at all times, and to conceal from men of business a plain truth, which would have been more easily perceived if they had not had the power of creating money almost *ad libitum*, viz. That when commodities are cheap and abundant the consumption increases; and that, on the contrary, when they are scarce and dear the consumption diminishes according to the diminished means of the consumers.

When a bad harvest occurs in this country, and prices begin to rise, the general consequence

is, that the country banks issue their notes more freely to the farmers, and prices are raised in a degree which would not be if we had only a gold currency. It does not necessarily follow from a rise in the prices that any increase of currency would be wanted to circulate the corn trade, for the natural effect of an advance in corn, like other articles, is to diminish the consumption; and the quantity of corn being smaller, the same amount would suffice for it. But admitting that more money might be required, in the event of a rise in the prices of corn, the natural consequence then should be, that the consumption of some other articles would be diminished, and by that means money would be disengaged from some other employment to be employed in corn. With the paper system the evil of dearness of corn and other produce of the soil is unnecessarily aggravated by the increased issues of the country bankers; wages do not in general advance in any degree proportioned to the advance in prices of the necessaries of life, and the community suffer more or less; the diminished consumption by and bye becomes apparent—the farmers and corn factors are alarmed—and prices, from having been unnecessarily elevated, become in a short time unduly depressed.

Of Over-trading.

It has been said, that it is not satisfactorily proved that such effects as have been described are attributable to the increase of the currency, and that they may be all traced to the spirit of gambling, and speculation, and *over-trading*, which pervaded all classes in 1824 and 1825. This is a question which cannot be absolutely decided by any demonstrative proofs or reasoning; but it may be satisfactorily shewn, that the sudden increase of bank notes, if it did not create, *extended* the speculative spirit so much, that *without such extraordinary increase these extravagant results could not have followed*. The efforts of the *producers and dealers* could not have kept *prices up for so long a time as they did*, if the *consumers* had not also had *their means increased in proportion at the same time*; and it may be clearly shewn, that the increased incomes of the consumers were founded upon the increased circulation of paper money, and declined as this foundation failed.

There is every reason to think, that at the end of the year 1822, or the beginning of 1823, the quantity of currency in Great Britain was extremely small; it had gradually decreased since 1818, (when it was very high) and it was at the lowest about the latter end of 1822: from

that time it increased so rapidly during the next two years, that there was an increased circulation on the whole, including specie and bank notes, of about 40 per cent. in the beginning of 1825. By the returns in the Appendix (C) it appears, that the increase of country bankers' notes was from £12,000,000 to £19,000,000, or £20,000,000 ; these consisted of £1, £2, and £5 notes (vide Appendix) circulating almost entirely amongst the consumers, shop-keepers, and small dealers ; the metallic circulation was increased in the same period probably from £7,000,000 or £8,000,000 to £14 or £15,000,000, after deducting the quantity exported again. The bank of England notes were at the same time increased about £3,000,000 in notes of £5 chiefly.* It therefore appears, that the whole currency which circulates the retail trade of the country increased about 40 per cent. in two years. Now it would have been impossible for this extravagant increase to take place, if our currency had been metallic ; we could not have obtained the specie requisite for this purpose without exporting £10,000,000 or £12,000,000 more of manufactures and other goods than we did, which would have been out of our power ; we did actually export more in 1824 and 1825 than the usual quantity, and in order to make such large additional exports prices must have

* Viz. from £18,000,000 to £21,000,000.—See Appendix (B.)

been lower than they were, and new markets must have been found. If therefore the small note act of 1822 had not been passed, our circulation in 1825 would probably have been not much above £45,000,000 altogether, (about five millions increase on that of 1822) instead of about £55,000,000 which it appears to have been. The prices of goods would, with such a small increase of money adapted to the retail trade of the country, have risen much less than they did; for commodities cannot be raised in price by the will of the producers; the dealers will not give them advanced prices, unless the consumers can give a corresponding advance. In 1820 to 1823 indeed prices of most goods were so low, that the producers did not generally realise fair profits, and there was every motive for the dealers to increase their stocks, and for the consumers, both in the foreign and home markets, to consume more largely. The demand was accordingly improving, and by degrees the prices would have risen as the gold came in. But the issue of small notes increased the demand suddenly and surprizingly; this, with the further augmentation in the currency, raised our prices, and increased general production, which by giving employment to a great number of persons connected with our manufactures, (who had been only partially employed) caused a

further extension of the demand. Had the currency been left to increase by the natural importation of gold, prices would have risen more slowly and to a less extent : as it was, they rose from an undue degree of depression to the opposite extreme, and this led to a violent reaction. The process thus briefly traced requires more particular examination.

The over-trading, of which so much has been said, could not do much injury, nor become very extensive, unless it were accompanied by such an increase of the money for the retail trade of the country as could not take place if it were confined to a metallic currency. The production and the consumption of the various commodities of the world must be for the most part equal ; if at any time one article is produced in excess, the price generally falls so much that the production is speedily checked. Though in the case of some articles, the increased supply is all consumed in consequence of the fall in the prices, the general rule is, that prices quickly fall below the rate which remunerates the producer, and he produces less. In like manner the whole consumption and supply of any particular country are pretty exactly proportioned, and over-trading cannot disturb them (without the aid of paper money) to any very serious extent. Manufacturers, and merchants, and dealers of

all sorts may carry on their buying and selling by means of bills, which are drawn on each other at three, four, or six months' date; and by circulating and renewing these bills, they may raise the prices of their commodities ten or twenty per cent. for a time, or produce ten or twenty per cent. increased quantity; but the advanced prices cannot be obtained from the consumers, nor the increased quantity be disposed of at the same price, unless *the consumers* are provided with a proportionate increase of money; nor can the goods be sold in foreign markets without giving such foreigners a proportionate advance in their productions, and we must sell our goods at the same prices in all parts of the world as our rivals do who produce the same in other countries.

The amount, therefore, for which all the goods are sold is very much affected by the amount of money circulating amongst *the consumers*, (modified, indeed, by the rapidity of its circulation) but little by the amount of bills.* It is important

*A pamphlet has just appeared, by Mr. Burgess, of which one leading object is to prove, that bills form a much more important part of our circulation than bank of England or country bank notes.—He says in page 13, “the circulation of promissory notes and internal bills, payable after date, has never formed a subject of inquiry, and has scarcely even been adverted to, in any of the proceedings respecting the currency. It might not have been known that there existed such a species of currency, or that it formed any considerable part of the circulating medium of the country. Yet this part of the currency was performing the functions of circulation as much as bank of England notes and country bank notes, and its amount was upwards of ten times the amount of all the bank of England notes.”

to attend to this distinction, because some writers of much practical knowledge, as bankers and

Again in page 73, "I have endeavoured to show, that *neither gold coin, bank of England notes, nor country bank notes is virtually our standard*; but that *bills of exchange alone form our standard*. By knowing in what degree the amount of this part of the circulation is *plus* or *minus*, from any given point, we may ascertain, and by nothing else can we fully ascertain, the tendency to depreciation from excess, or the degree of approaching difficulty from contraction of the circulating medium. It would appear, therefore, that we have committed a great error, in attempting to destroy the effectiveness of country bankers, to whom circumstances have eminently given the power to regulate this, our standard; and who alone can, with the concurrence and judicious assistance of the government be enabled to regulate it best for the public interests."

And in page 19, Mr. Burgess says, "Bills above the value of ten pounds form now as completely a part of the currency as bank of England notes or country bank notes. They are used to pay for minerals—for all kinds of raw produce used in manufactures—for all the principal articles of food or clothing, and recently, in some cases, for mere labour. If a butcher in the north of England buys cattle, he pays for them partly in these bills, and partly in country bank notes. If a miller buys corn, or a mealman or baker flour, he does the same. If a Yorkshire wool-buyer purchase wool of the farmers in his own county, or in Northumberland or Lincolnshire, he pays for it partly in these bills, partly in country bank notes; or sometimes wholly in one kind, sometimes wholly in the other. In the manufacturing districts of Yorkshire and Lancashire, no man, generally speaking, thinks of paying for any commodity above the value of ten pounds, otherwise than in a bill after date. This practice is now very general throughout the northern and mid land counties, and is increasing in other parts. Except in the north, however, these bills do not circulate generally or freely amongst farmers and graziers; and where they do so circulate, those persons have a great reluctance to take any but bills drawn by bankers upon bankers: this reluctance was increasing before the year 1825." Again he says—

"Although we are told by the very highest authority,* that 'it has been a common artifice, practised by those who have written on paper-currency, to confound paper-credit with paper-currency,' the distinction appears to me to be purely speculative. What is a bank post-bill? A bill for £100 payable after date, which to-day is paid at Folkingham for wool, to-morrow at Melton for horned cattle, the next at Leicester for sheep, and the succeeding day at Oundle for bark, is as much a part of the circulating medium, representing the transfer of commodities from hand to hand, as a bank note for £100 that performs the same office in the same manner. Indeed, if this be an artifice, it appears to be

* Earl of Liverpool's Letter to the King, page 220.

merchants, have maintained that the amount of bank notes and gold is worth little consideration, being so trifling when compared with the amount of bills in circulation. These writers say truly, that for every million of gold, silver, and bank notes, of £5 and under, (which are nearly all that perform the same functions as gold) there are always in existence six or eight times as great an amount in bankers' and mercantile bills; but the conclusion which they draw is fallacious, that prices therefore are influenced more by the amount of the bills than by the amount of the cash and the notes. If the bills were drawn for very small sums (say under £5) the effect would be different; but the bills are seldom drawn for less than £20, £30 or

admitted, that we practise the same artifice, by confounding 'even the higher sorts of paper-currency with the inferior sorts:—a bank of England note for £50, with one for five pounds, which is indisputably true: the bank notes and the bills are all paper credit and all paper currency." *Burgess on Currency.*

The same mode of reasoning was adopted by Thornton, about thirty years since, in his "Treatise on the Paper Credit of England," and it has been lately brought forward by Mr. Loyd and other witnesses, before the Committee on Scotch bank notes. Our townsman, Mr. B. A. Heywood, also maintained this view in his pamphlet on the "Circulation of Individual Credit."

It is well known, that almost all the circulation of country notes consists of one and two pounds, and five pound notes, very few being issued above that amount; of bank of England notes, there was till 1822 a large amount of five pounds and under, frequently one-third or one-fourth of the whole, and another one-fourth of ten pounds. In periods of brisk trade and extensive issues, the small notes increased much more than the larger notes, and in periods of contraction, the contrary was the case. The notes under five pounds, which amounted in 1818 to seven million pounds, only amounted in 1822 to one million.—See Appendix (B.)

£50, the far greater amount of the whole for £100 to £500, and the rapidity of their circulation is on the inverse ratio of their amounts. The bills and bank notes of above £10 or £20 perform indeed a very large part, perhaps two thirds, of all transfers of goods between dealers and dealers, or between the producers and importers and the dealers ; this may be called the wholesale trade of the country ; but the retail trade, or the sales to the consumers, are almost all made for cash, or small notes of £1 and £2. These latter therefore probably change twenty times or more for once that the smallest bankers' bills change hands. If the currency of the country were confined to gold and silver, the increase of bankers' and merchants' bills (which may be so easily created) could not produce any rapid and undue increase of this currency ; but when bank notes of such small amounts as form the circulation of the retail trade of the country are permitted, the currency may be increased suddenly and very extensively. The bankers discount freely for the merchants and manufacturers, who are thus easily enabled to pursue their schemes of over-trading ; money becomes more plentiful amongst all classes ; and bills and bank notes act mutually in producing each other, and in bringing about the effects which have been described arising from *too much* cur-

rency, which necessarily leads to a reaction, and great evils arising from *too little*.*

■ It appears that bills of exchange, (payable at two or three months after date) which were first invented by the Lombard Jews in the twelfth century, to settle balances due between remote parts of Italy or of European states, were in use long before promissory notes, payable on demand; but that the use of the latter followed as a natural consequence of the advantage found from the use of the former. It is known that in some parts of England, within the memory of persons now living, bills at two months' date used to circulate for much smaller amounts than they do at present: they have probably been disused in consequence of the heavy stamp duty imposed upon them. Inasmuch as such bills, or even the bills of the smallest amount now current, (say ten pounds to twenty pounds) have enabled merchants and dealers to do their business with a *smaller quantity* of cash or promissory notes under five pounds, they may be said to have supplied the place of money; but it does not appear to me, that this consideration invalidates the accuracy of the distinction made in the text. It was pointed out by Adam Smith, but has not been noticed by late writers on money as it deserves. That great writer suggested, as a protection to the *retail* trade of the country, that no bank notes should be allowed to circulate below ten pounds in London, and five pounds in the country. This restriction was adopted by our government about fifty years since, and it speedily put an end to an extensive circulation of notes as small as five shillings and ten shillings, which had inundated some parts of the country both in Scotland and England. The bank of England were soon afterwards allowed to issue notes of five pounds, the same as the country bankers; and in 1797, on the suspension of cash payments, the bank was first permitted to issue notes of one pound and two pounds. Since then the amount of paper money in Great Britain went on increasing gradually, and causing the gold to disappear till the end of the war, when all the gold that remained was either hoarded by individuals, or kept as a reserve by the bank of England, whose issues had more than trebled in amount since the commencement of the war in 1793.

If it be objected to the above mode of reasoning that it would follow as ■ necessary consequence, that a bank of England note for one hundred pounds or one thousand pounds is not to be considered as a part of the currency of the country, I should say true, it cannot with propriety be so considered, for it is too large to constitute a part of the retail circulation: it is a fact, that such notes are, for the most part, lying inactive in the hands of bankers, (a large portion of them, indeed, are really bills drawn at ten or twenty days after date for the purpose of remitting to distant parts of the country) and they perform only the functions of bills of exchange; they are not indeed attended with any computation of interest, nor do they require the indorsements of all persons

Depreciation of the Currency.

The quantity of gold which was exported in the year 1824, and the beginning of 1825, appears to have been about six millions, of which the greater part was exported in the spring of 1825 (see Appendix G.); this, however, did not diminish the quantity of our circulation, for it went entirely out of the coffers of the bank of England, where a stock of gold had accumulated in the depressed periods of 1820 to 1823 to the amount of 12 to 15 millions. This extraordinary demand for gold for export was not attended by any marked derangement of the exchanges with any part of Europe, nor did the market price of bullion exceed the mint price (as was the case during the years 1810 to 1814, when our paper currency was in excess); but it is not to be inferred therefore that there was no depreciation or excess of the whole currency of this country, as compared with other countries. The continued export of gold on such

who receive and pay them, and the holder has no redress on the party from whom he received them, in the event of the bank failing. These circumstances however do not affect their character as a part of the circulating medium. If it be asked, what then is the definition of paper currency, I should reply, all those notes payable on demand which will perform *all the functions* of a metallic currency in the country where they are issued; and if bills or bank notes are so large that they do not answer the purposes of the retail as well as the wholesale trade, they are not strictly a part of the circulation. (On this subject, see "Wealth of Nations," book II. ch. 2, p. 485 to 490.)

an extensive scale is itself a sufficient proof of redundancy and depreciation : it was a redundancy and depreciation of gold as well as paper ; the notes were always of the same value as the gold, and would equally be received in payment in this country ; but their extravagant amount raised the prices of all commodities above the level of other countries, so that we could no longer export them with advantage, and gold was exported instead. If the currency had consisted of the precious metals only, this obvious redundancy of currency could not have existed for any length of time, for gold would have been exported immediately ; and as its place would not have been supplied with either bank of England or country bank notes, general prices of commodities could not have been raised above their proper level. In a country like this indeed, with our restrictions on foreign trade, there might be some excess, even of specie currency, on particular occasions ; when, for instance, our extensive manufactures have been suddenly further extended by a great import of foreign corn : on the cessation of this exciting cause, they will not immediately return to their former limit, and a glut of some staple articles may continue so long as to impede the regular channels of trade, without however causing any great reduction in prices

for some time; forced exportations are then made, and we may thus receive an over-supply of other goods from foreign parts: all this will in the end derange the exchanges, and it may be some time before they adjust themselves.*

■ In Mr. Tooke's recent work on currency, he has explained why the exchanges are not affected by over-issues of paper in this country so quickly and decidedly as to form a criterion to be always depended upon :—

“ The principal medium through which the exchanges are affected is that of prices. Such of these as relate to objects of interchange with other countries, if raised beyond the bullion prices of those countries, will induce an increased importation and diminished exportation of those commodities. But it not unfrequently requires an interval of some length, before the commodities which are interchangeable with other countries are affected by an excess in the circulation, in such a degree as to produce the effect of increased import, and diminished export, &c.; and even that effect may not immediately operate on the exchanges. There may be counteracting circumstances. The excess may have communicated itself, in an increased medium of credit, to the countries with which we happen to have the greatest interchange; and it has so happened, that, in some remarkable instances, this has been the case, as in 1818, and very particularly in 1791. It is only upon the final liquidation, in gold, of the engagements connected with the extension of this international circulation of credit, that the effect one way or the other upon the exchanges is produced; and this effect will be so much more violent, as the previous miscalculation on the value of the currency has been of long duration.

“ The effect of an extended circulation of paper and credit in a country like this, in producing while in a state of increase an extension of credit in the places abroad with which we have the most considerable dealings, has hitherto been overlooked, or not sufficiently attended to. Such extension of credit has a temporary influence in raising or maintaining the price of commodities abroad, so as to admit occasionally of an increased demand for exports from hence in the face of rising prices; the demand in this case operating as one of the causes of the rise. In more general terms, the extended credit given in times when confidence prevails, by the merchants and manufacturers of this country to those abroad, operates temporarily in reducing the value of the currency of those parts. It is this circumstance which communicates the over-trading of this country to places abroad, and when the revulsion happens produces a contraction of the circulation there, which temporarily diminishes the demand for exports from hence, notwithstanding a contraction and fall of prices on this side.”

We have explained the tendency which the bank note circulation has to drive the specie out of the country. This the advocates of paper admit; but they do not consider it an evil although we should have no currency but paper, as they say our prices cannot be injuriously enhanced as long as the holders of the notes are secured, and have the power of demanding gold coin, or bullion. Surely we have had proof sufficient in the last four years, that a currency consisting chiefly of paper may be sometimes much too large, and at other times too small, for very considerable periods of time, although no material depreciation appears to have taken place as compared with bullion or with the currency of other countries.

The price of gold remained steadily at £3 17s 6d to 9d per oz., and silver at 4s 11d to 5s per oz. during the whole of 1823 and 1824.

From January to June 1825.....	Gold was...£3 17 9
" "	Silver.....5s to 5s 1d
Since July 1825.....	Gold.....£3 17 10 and £3 17 9
" "	Silver 5s 1d and 5s per oz.
The Exchange with Paris in 1823 to June 1824 25.50 to 25.90	
July to December 1824 25.20 to 25.15	
January to June 1825 25.15 to 25.10	
July to December 1825 25.5 to 25.30	
See Appendix (E.)	

Thus the fall in the exchange was never $\frac{1}{2}$ per cent. below par, and that only for a short time. But this is quite enough to pay the expenses of

sending gold to France : indeed there may be an export of it even when the exchange is at par, because no goods will be exported until they will pay the expenses, which are greater on merchandize than upon specie, and gold is exported much more promptly than any thing else.

Much has been written on this subject to shew that the variations in our foreign exchanges and bullion market follow closely the redundancies or deficiencies in the currency, and thereby constitute an infallible check on over-issues or under-issues. But in the artificial state of things existing in this country, and more especially in periods of war, it clearly appears that we may have an excess or a deficiency, (without any material disturbance of the exchanges, or alteration in the prices of bullion) attended with such fluctuations in prices as are extremely inconvenient and injurious.— All persons will admit, that the currency was in excess for *some time* previous to the beginning of 1826, when, besides a great increase in the gold currency, the quantity of bank of England notes was 20 per cent., and country bank notes 50 or 60 per cent. more than in 1822, and yet no variation of any consequence took place in the state of the exchanges, or the prices of bullion ; and it is equally clear, that this excess

has produced the opposite extreme during the year 1826, of a currency so much diminished as to be inadequate to perform the necessary exchanges of our internal trade.

The consequence of these fluctuations has been a misdirection of capital, and a destruction of property, such as probably never was experienced before in the same space of time in any age or country.

It has been said by some able writers on the currency, that another proof, in addition to that derived from the state of the bullion market and exchanges, of the currency not being depreciated, is to be drawn from the circumstance of the prices of agricultural produce not having fallen in any degree proportioned to other commodities. They say, that prices of corn and cattle did not rise in the spring of 1825, 30 or 50 per cent. in their prices, as other articles did, nor fall at the end of the same year, as other commodities did, below the level from which they rose; and therefore they infer, that the currency had not been depreciated, for they say if it had been, to the extent alleged, it must have altered the prices of these equally with all other commodities. (See Sir H. Parnell's *Work on Currency*.) In the artificial state of our agriculture consequent on the corn laws, it is impossible to draw any conclusions from the

current rates at which corn and cattle sell in any particular year. At one time there is an extraordinary growth of corn following a season of high prices, and prices go into the other extreme for a year or two; at the same time possibly the prices of meat have been much depressed by an unusual supply; and the quantity of cattle slaughtered increases in consequence so much, that there may be a deficient supply for two or three years. Extreme fluctuations are thus produced by causes totally unconnected with the quantity of money. These causes no doubt will affect them in the long run equally with other commodities, but by no means so quickly. Amongst farmers and graziers the system of credit is much less extensive than amongst manufacturers and merchants; when credit sustains a shock, as it did in the end of 1825, the mercantile class quickly curtail all their operations so much, that an immediate effect is produced on the prices by the suspension of buying and selling on a large scale; and though consumption is perhaps going forward as largely as before, there appears to be no demand for any thing; the dealers are supplying the consumers from the stocks which they are in the habit of keeping to such an extent that they have no occasion to buy till they think prices have fallen to the lowest point. It

is not so with the farmers ; their engagements are not equally fixed, their credit is not so extended ; and they are not so soon affected by the changes which take place to derange the manufacturing and mercantile pursuits. During the last year the unprecedented drought may account sufficiently for the prices of corn and cattle having been kept up, and the severe winter which has followed may cause cattle to continue high for some time. But as the prices of all agricultural produce rose gradually with the increase of our country bank circulation, I see no reason to doubt that they will decline by degrees from the scale at which they stood in 1825. Wheat has already declined from 69s, which it was in March, 1825, to 54s per quarter.

Effects of the Revulsion in England.

As the increased production and consumption of the various products of industry appeared not to be permanently maintained in the world at large, by an increase of the money of the world, so it has been found from our own experience that an extraordinary increase, in *any particular country*, of the whole currency, (whether that consist of the precious metals only or of a metallic and paper currency together) cannot *permanently* add to the wealth of such

country, though it may for a considerable time give an extraordinary impulse to industry and trade. For some time production increased at home in 1824 and 1825, and our foreign trade increased likewise, because prices of foreign articles advanced generally in this country above the relative prices in the rest of the world; this caused the gold to go out of the country, and a vast quantity of foreign goods to flow in, in order to realize our high prices; which for a time encouraged foreigners to produce more; but it soon became apparent that this seeming prosperity did not rest on a solid foundation. The rise in prices prevented the increase of consumption from being supported, and in proportion as the advance had been rapid, the reaction was violent and the decline rapid also. The capitalists were the first to suffer. In the metropolis, where the excess of import in 1824 and 1825 had produced a glut of silk, wool, and other important articles, and where so much money had been invested in absurd schemes and loans to the South American States, the crash was tremendous, as it was sudden, amongst the bankers and others who had been most closely connected with the speculators. The panic quickly spread through the country, and in three months nearly one hundred bankers failed. In the great districts of the manufactures the failures were some time

in breaking out, but they were of longer continuance, and attended with more general distress; it was found that many large establishments had been created and sustained by the notes of the local bankers, who advanced them to parties without any capital, and many of these remain to this day shut up for want of means to carry them on. Such sudden ruin never was known to spread so widely and to fall so heavily in a short space of time. In the farming districts indeed there has not yet appeared the same general distress which existed in 1815 and 1816, and again in 1820 to 1822; but the agriculturists also have felt and are now feeling deeply the reverse, and this class will probably be the last to recover.

In the conclusion of Mr. Tooke's Work on the Currency we find the following pointed observations on this subject:—"Of the misdirection, which the artificial excitement to speculation, incidental in so much greater a degree to a paper than to a metallic currency, is calculated to give to capital and industry, a memorable instance is afforded by the transition which we have recently experienced, and from the effects of which we are still suffering.

"If a computation could be made of the losses that have been sustained within the last two years,—by the *excess of prices paid to foreign*

countries for commodities, beyond what those commodities are worth for home consumption or exportation,—by the *fluctuation in the demand for labour*, at one time elevating manufacturing wages beyond the rate which the eventual price of the manufactured goods could afford, and then depressing them so much, and *throwing so many workmen out of employ*, as to occasion an increased burden on the poor-rates,—by loans to foreign states, which present no adequate security for repayment,—by schemes, which upon a large outlay, hold out no prospect of any net profit,—by rendering the commodities produced with a view to the consumption of particular classes of reduced value,—by the diminished demand consequent upon the altered condition of a large proportion of the individuals constituting those classes—it would be found, I suspect, to amount to an enormous sum. And *if the proportion of such losses*, not only on the recent occasion, but on many other similar occasions which have occurred in our commercial history for the last fifty years, *as can be fairly ascribed to the difference between a paper and a metallic circulation*, admitted of being accurately computed, I am fully convinced that, as a mere question of national wealth, the *balance of loss* would be *greatly against the former*.”

It has been computed, that the loss sustained

in this country on the article of cotton alone, from the unwarranted advance which took place in the prices in 1825, exceeded two and a half million pounds. In a few months the prices were trebled, and by the end of the year they fell back to the point from which they started. The advance was in that period of the year when the bulk of our annual supply was imported from America and other countries, so that it is probable one-half of what has been lost in this article by English merchants and manufacturers has been gained by the growers and foreign merchants. If our currency had been in a sound state, a considerable advance would probably have taken place in this article, owing to the general prevalence of a belief, founded on the great diminution of stocks at the end of the year 1824, that the consumption had overtaken the supply ; but I think it could not have gone to one-half the extravagant length which it did. The advance was so sudden and extensive as to check the home consumption and the foreign demand in a degree which was never before experienced ; but the decline followed it in so short a space of time after the usual supplies had been received from the places of growth, that the community suffered comparatively little by the speculation ; the authors of it were the principal sufferers, and with them the work-

men who were thrown out of employ for some time in the populous districts where this extensive manufacture is carried on.

The losses sustained by merchants and manufacturers in other important articles, as wool, silk, &c. were not equally extensive in proportion to the extent of their trades; but they were exceedingly large, and it will probably require some years to repair them.* All persons who were attentive to the operations of trade in the year 1825 will recollect, that it was a prevalent opinion in the early part of that year, that the prices of most commodities, both of domestic and foreign production, had been unduly and unnecessarily depressed in price,—that they had for some time been selling below the cost of production, and that the rise which took place in the first instance was merely a natural recovery from an unnatural state of depression. Probably there was some ground for this opinion; prices had been lower than had been

* The following ARTICLES were remarkably elevated and depressed in price during the period in question :—

	in 1825.	in Feb. 1826.
Cotton, Bowd Georgia, fell from	1s. 6½d. to	0s. 7¼d.
Coffee, St. Domingo "	38 0 "	50 0
Sugar, Brown	43 0 "	30 0
Saltpetre, East India "	36 0 "	23 0
Spices, Mace, "	23 0 "	4 6
Nutmegs, "	12 0 "	2 9
Pepper, "	0 9½ "	0 5
Silk, Reggio "	17 0 "	11 0
Tobacco, Virginia (ord. & mid.) from...	0 6½ "	0 3½

ever known in the experience of the present generation, and the consumption of 1823 to 1825 appeared to be larger than usual, both at home and in foreign markets, so that the stocks of merchandise and manufactures generally were found to be smaller than usual at the commencement of 1825.*

Those persons who deny that the undue increase and consequent decrease of paper currency was the principal cause of the evils of the late crisis allege, in confirmation of this opinion, that similar distresses have taken place in France and other countries when the currency was entirely metallic; also that similar revulsions and calamities occurred in Great Britain in 1793, when this country had no notes under £5 either local or bank of England. It is impossible to deny that some shocks have occurred to the trade of France, and that the currency is almost wholly metallic; but it is certain that the French merchants attribute them to the commercial convulsions in this country, and I think with

*It may be stated, as some apology for the speculators, that on examining the accounts made up on the 1st of January, 1825, it was found, the stocks of most of the staple articles of merchandise were smaller than usual, and that there was every indication of a considerable increase of consumption in 1824. In cotton this was remarkably the case; the quantity taken for home consumption was 635,000 bags, which exceeded the import by 100,000 bags, and surpassed the consumption of any year before or since 1824: the stocks in the kingdom on the 1st of January, 1825, were only 235,000 bags, which was above 100,000 less than they had been on the average of the five preceding years; and the accounts from America (the great source of our supply) gave reason to expect a much smaller import in 1825 than in past years.

justice: the trade of England cannot be in the state it has during the last 2 or 3 years, without deeply affecting the trade of France as well as many other countries; and we have shewn how much the currency of other countries is directly increased and decreased by the increase and decrease of our own. If eight or ten million pounds of gold are exported to France and Holland during a period of two years, and then brought back again in the two succeeding years, it is clear that prices must be materially influenced in those countries by the change, and that trade would become brisk in the first, and dull in the second period. But the impulse felt in those countries was not nearly so remarkable, nor the reaction so violent as in this country, the whole number of failures having been very few, and scarcely any of them bankers. As to the comparison of the crisis of 1793 with that of 1826 in this country, it must be admitted the distress and panic of the former very much resembled what we lately witnessed; but the most authentic reports which can be found of the state of the country, and of the causes which produced it, shew that the great increase of country bankers in 1790 to 1793, and the imprudence and unbounded eagerness with which they extended their issues, were considered the principal causes of the ruin that followed.*

* See Chalmers's Answer to Jasper Wilson.

Of the Scottish Bank Note Currency.

The science of political economy is said to be greedy of facts. If however facts are not well digested, the avidity with which they are collected and devoured may injure the system instead of supporting it. Appearances are often so fallacious in this study, and especially in what relates to the operations of money, and still more of those subtle inventions which are made to supply its place, that we ought to exercise peculiar caution in admitting, as the foundation of new theories, facts which are not justified by general experience and sound principles. Those who propose to supply the place of gold and silver with paper, refer to the case of Scotland, as affording the evidence of long experience in their favour; no extensive failures, they say, have ever taken place there of joint stock banks who issued notes, and all who understand the system, they maintain, admit its safety and utility. This assertion appears to me to have obtained credence without due examination, and if it really proved what is asserted, it would prove too much; the conclusion would be, that joint stock banks on the Scotch plan are so excellent and safe, that none of the additional checks proposed by Mr. Ricardo and Mr. M'Culloch are requisite; and yet these authors consider

these additional checks indispensable. I cannot help thinking that A. Smith has erred in ascribing so much of the advancement of Scotland in agriculture and trade to the facilities afforded by the banks in their cash accounts, and the extensive circulation of their bank notes, and that the rapid improvements which have taken place are rather to be attributed to other causes; the good education, systematically imparted through the medium of a working body of clergy to all classes, combined with the characteristic industry, intelligence, and enterprise, for which the people are distinguished, are sufficient to account for their rapid progress in trade and manufactures, as well as in the arts and sciences. But there is not any thing in the Scotch banking system calculated to prevent overtrading, injurious speculation, and the same extravagant expansion and contraction of currency which have existed in England; these have accordingly existed to an equally injurious extent amongst our northern neighbours; and if a comparison were made, it would be found that there have been as many and as extensive mercantile failures in proportion to the extent of trade; and that the great evil attending fluctuation in trade, of large masses of workmen being suddenly deprived of employment, has existed equally in Scotland as in England. The

Scotch banking system, it is admitted, is better than that of England, and it is probable those who are interested in the banks have found greater benefit than if they had been conducted as in England; but this is no reason why they should be allowed to continue issues of small note currency in any way different from that which is to be adopted in England; and as the managers adduce as a reason for their being permitted to continue them the difficulty of exchanging the amount now running into gold in the space of two or three years, without crippling the trade of the country, and bringing down extensive ruin on themselves, it is only a proof that they have been improvident like other issuers of notes; that although the system has not ruined them, as it has the English bankers, it has not been so profitable and advantageous either to them or the public as has been pretended; and that the system ought to be changed as quickly as it can be done, with the least evil to the community.

In the voluminous evidence given by the Scotch bankers before the committees of both Houses of Parliament in the session of 1826, the only argument which they have brought forward deserving of attention is that which relates to their *cash credits*; it is noticed at

some length in the reports of the Lords and of the Commons.*

▪ *Extract from Lords' Report.*

“ There is also one part of their system, which is stated by all the witnesses (and in the opinion of the committee very justly stated) to have had the best effects upon the people of Scotland, and particularly upon the middling and poorer classes of society, in producing and encouraging habits of frugality and industry. *The practice referred to is that of cash credits.* Any person who applies to a bank for a cash credit, is called upon to produce two or more competent securities, who are jointly bound, and after a full inquiry into the character of the applicant, the nature of his business, and the sufficiency of his securities, he is allowed to open a credit, and to draw upon the bank for the whole of its amount, or for such part as his daily transactions may require. To the credit of this account, he pays in such sums as he may not have occasion to use; and interest is charged or credited upon the daily balance, as the case may be. From the facility which these cash credits give to all the small transactions of the country, and from the opportunities which they afford to persons who begin business with little or no capital, but their character, to employ profitably the minutest products of their industry, it cannot be doubted that the most important advantages are derived to the whole community; the advantage to the banks who give these cash credits arises from the call which they continually produce for the issue of their paper, and from the opportunity which they afford for the profitable employment of part of their deposits. The banks are, indeed, so sensible that, in order to make this part of their business advantageous and secure, it is necessary that their cash credits should (as they express it) be frequently operated upon, that they refuse to continue them unless this implied condition be fulfilled. The total amount of their cash credits is stated by one witness to be five millions, of which the average amount advanced by the banks may be one-third.

“ The manner in which the practice of deposits on receipt is conducted tends to produce the same desirable results. Sums so low an amount as ten pounds (and, in some instances, lower) are taken by the banks from the depositor, who may claim them on demand. He receives an interest, usually about one per cent. below the market rate. It is stated that these deposits are, to a great extent, left uncalled for from year to year, and that the depositors are in the habit of adding, at the end of each year, to the interest then accrued, the amount of their yearly savings; that the sums thus gradually accumulated belong chiefly to the labouring and industrious classes of the community, and that when such accounts are closed, it is generally for the purpose of enabling the depositors either to purchase a house or to engage in business.

That these cash credits are advantageous to the trade and industry of the country is not

“It is contended by all the persons engaged in banking in Scotland, that the issue of one pound notes is essential to the continuance both of their cash credits and of the branch banks established in the poorest and most remote districts. Whether the discontinuance of one pound notes would necessarily operate to the full extent which they apprehend, in either of these respects, may, perhaps, admit of doubt: but the apprehensions entertained on this head, by the persons most immediately concerned, might, for a time at least, have nearly the same effect as the actual necessity, and there is strong reason to believe that, if the prohibition of one pound notes should not ultimately overturn the whole system, it must, for a considerable time, materially affect it.”

Extract from Commons' Report.

“Lastly, that the inducement to the Scotch banks to continue their branch banks in many remote parts of the country, in which they now exist, would be destroyed; and that the whole system of deposits and cash credits would be most materially affected, if the banks were compelled to forego the profit now derived from the issue of notes below five pounds.

“For the opinions in de ail of the witnesses from Scotland, on these and other points connected with the small note circulation in that country, your committee must refer to the evidence annexed to this report. So far as the interests of the bank of England are concerned, it will be seen that the directors of that bank, who were examined before your committee, urge no objection to the continuance of the present system in Scotland, provided that the paper circulation of Scotland can be effectually restrained within the limits of that country.

“Upon a review of the evidence tendered to your committee, and forming their judgment upon that evidence, your committee cannot advise that a law should now be passed, prohibiting, from a period to be therein determined, the future issue in Scotland of notes below five pounds.

“There are, in the opinion of your committee, sufficient grounds in the experience of the past, for permitting another trial to be made of the compatibility of a paper circulation in Scotland with a circulation of specie in this country.

“Looking at the amount of notes current in Scotland below the value of five pounds, and comparing it with the total amount of the paper currency of that country, it is very difficult to foresee the consequences of a law which should prohibit the future issue of notes constituting so large a proportion of the whole circulation.

“Your committee are certainly not convinced that it would affect the cash credits to the extent apprehended by some of the witnesses; but they are unwilling, with-

questioned; but the witnesses do not make it apparent that they are more beneficial than any other loans from bankers to traders, or that the abolition of £1 and £2 notes would destroy this system of accommodation. No doubt the object of granting these cash credits is that the bankers may get out their small notes, and it is curious to examine how their eager competition for this purpose works; they say, that "it is necessary these cash credits should be frequently *operated upon*, (as they express it) and that they refuse to continue them unless this implied condition be fulfilled." The explanation of this is, that the borrower must keep paying in, and taking out money again; and it may be fairly concluded, (though not stated by the witnesses) that whilst all the money taken out is in the small notes of the banker who lends, the money brought in consists of any other notes or bills.

out stronger proof of necessity, to incur the risk of deranging, from any cause whatever, a system admirably calculated, in their opinion, to economize the use of capital—to excite and cherish a spirit of useful enterprise—and even to promote the moral habits of the people, by the direct inducements which it holds out to the maintenance of a character for industry, integrity, and prudence.

"At the same time that your committee recommend that the system of currency, which has for so long a period prevailed in Scotland, should not under existing circumstances be disturbed, they feel it to be their duty to add, that they have formed their judgment upon a reference to the past, and upon the review of a state of things which may hereafter be materially varied by the increasing wealth and commerce of Scotland, by the rapid extension of her commercial intercourse with England, and by the new circumstances that may affect that intercourse after the re-establishment of metallic currency in this country."

Thus every cash credit creates a party, whose business it is to co-operate with the banker in getting his notes into circulation. If these small notes were abolished, the cash credits would be discontinued, or at least greatly diminished, if no advantage were to be derived by the banker but the interest which he now charges, and from which his whole profit is now derived ; but it cannot be doubted that on a new system they might be continued with advantage to the banks as well as to the public ; if a bank commission was charged on every hundred pounds *operated upon*, or turned over, (as is done by the Liverpool bankers) probably the same profit would on the whole be derived from their business by the Scotch bankers. More of that large portion of their capital and deposits now vested in the funds would be brought into circulation, and perhaps the interest which is now allowed by the Scotch banks on deposits (estimated by them to amount to nearly twenty million pounds) would be reduced. The machinery of their cash credits might be so much deranged that they probably would not find it worth while to continue to have branches, as they now have, in the remotest districts, where a large number of clerks or agents are supported by “operating” the cash accounts ; but no one can for a moment doubt that in whatever part of Scotland money

was wanted for carrying on the customary trade of the country, it would find its way there to the same extent in gold as in paper.

IV.—INFLUENCE OF THE PAPER SYSTEM ON THE INDUSTRY, TRADE, AND REVENUE OF GREAT BRITAIN.

THE conclusions to be drawn from the preceding investigations may be briefly summed up as follows.

That prices are much influenced in all countries by the increase or decrease of the rapidity of circulation ; and that as any country advances in civilization, commerce, and wealth, the quantity of money necessary for its ordinary circulation does not increase by any means in proportion to such advancement ; the exchanges between the producers, importers, dealers, and consumers being made with such increased facility by means of the improvement of the banking system, credits, bills, &c., that a large part of the wholesale trade of such countries becomes a mere system of set-off or barter.

That although an increase of the quantity of money must have the direct effect of increasing prices proportionately, if the circulation is not

diminished in rapidity, yet if by a dull state of trade, want of confidence, or other causes, *the rapidity of circulation is materially checked*, a great *increase of money* may take place without any advance in prices. And on the same principle, the quantity of money in a country may diminish materially without causing a fall in the prices of commodities, when a brisk state of trade and general confidence produce a more rapid circulation than usual.

That great fluctuations in prices will occur in any country of extensive traffic, large exports of manufactures, and high taxation, even when the currency is composed of the precious metals, and that these irregularities are much aggravated by laws which restrain and embarrass our intercourse with foreign countries.

That in proportion as *paper* currency is introduced in the place of gold and silver, these fluctuations are greatly increased, and that a powerful instrument is placed by this system in the hands of bankers and money dealers, with which they may derange the course of trade, and injure the regular pursuits of industry; without any compensating advantage even to the monied interest, inasmuch as the paper system throws a large portion of the banking business into the hands of men of little capital.

That there is an inherent tendency in paper

currency to become redundant, whereby real capital is deprived of its value, and diverted from its natural channels, the metallic money is driven out of the country, and violent fluctuations are produced in our foreign, as well as our home trade.

That as the bankers who issue local notes are frequently connected with establishments of mines and manufactories in the districts where their notes circulate, they have it in their power by a sudden expansion or contraction of the circulating medium in those districts to raise or depress prices locally in order to promote their own advantage, by which the community is frequently injured.

That the paper system is calculated to produce a spirit of gambling in every branch of agriculture, commerce and manufactures ; which deranges the regular course of trade, produces extensive revolutions of property, and by promoting extravagant speculation, discourages the steady pursuits of industry.

The most determined advocates of paper currency will admit, that the fluctuations of prices in this country have been almost as violent since our paper currency was made convertible into specie by law as before. Though the opinions of good judges are divided as to the degree in which these recent fluctuations are to be attri-

buted to the use of paper money ; where so much is hazarded by a perseverance in this system, and so much injury is inflicted on the mass of the community, (who cannot understand the principles of money, and who must receive for wages, and the ordinary payments of their daily traffic, the paper which is issued by bankers) very obvious and indisputable improvements ought to be made in our paper system if it is to be continued.

The overtrading, which it is admitted on all hands existed in the above period, might have originated and been carried to a very prejudicial extent without the paper system ; but it could not have gone to the ruinous length which it attained, if the small currency which constitutes the retail trade of the country had not (in consequence of the act passed in 1822, permitting bankers to issue again their £1 and £2 notes) been greatly increased by the increase of bank of England and local bank notes ; because the producers and importers of commodities cannot in the long run dispose of them to the consumers in larger quantities or at enhanced prices, unless the consumers are provided with an increased amount of money corresponding with such increase of prices, or quantity of commodities.

The periodical revulsions and panics which oc-

curred in 1810, in 1816 and in 1819, as well as in 1826, have been without parallel in their nature, in the history of this or any other country, excepting perhaps the United States of America, where the same system of paper currency has prevailed; and as there is no principle in trade itself that leads to such calamities, and they cannot be traced clearly to any other causes, it is reasonable to regard them rather as the result of a bad monetary system, than as unavoidable evils, to which trade and commerce are periodically incident.

Nothing but benefits of the most unequivocal nature (not merely as regards national wealth, but security and strength) should induce us to dispense with the use of those metals which constitute the common measure of value in the rest of the world; which benefits, those who recommend a currency entirely composed of paper have not made apparent.

These writers have not stated why the richest country in the world, the country in which credit is more extended than in any other, and which produces annually the largest amount of exportable productions, should be the first to throw into disuse the two articles gold and silver, which compose so large a portion of the commerce of civilized nations, and of which Great Britain can at any time procure any quantity she may

require for circulation, more easily than other countries which are less opulent and less habituated to all kinds of manufacturing industry.

They have not pointed out how we should carry on an advantageous trade with Mexico, Peru, and other countries, where the precious metals are principally produced and manufactured; the principal part of the return from which countries consists of these commodities in payment for many millions in value of manufactured goods, which they now take principally from Great Britain.

They have not examined the consequences which might result from other countries following the example of this, if we adopted the plan recommended by these writers; but it is to be feared, that if it was begun (even with effectual checks) in this country, it would be imperfectly adopted without such checks elsewhere; and that in periods of war in particular, the governments of other countries would, from their connection with and controul over it, derange the whole monetary system of the commercial world; and that we should thereby experience many of those evils which it is the professed object of the proposed "Economical and secure Currency" to obviate.

Their plan would not prevent the recurrence of those shocks and revulsions in trade, arising

from a redundant and deficient currency, which have occurred since the return of peace, not only producing great losses to bankers, merchants, manufacturers, and all capitalists, but inflicting grievous distress on the lower classes, who suffer not merely directly from holding notes of bankers and others who fail, but indirectly to a larger extent by being suddenly thrown out of work, and exposed to great alterations in the prices of their labour.

In general the amount of our currency is very small in proportion to our extensive traffic, owing to the trade of the producers, merchants and dealers being carried on universally by a system of bills and credit, and the far greater part of the wholesale dealings being settled without the intervention of money : but whenever periods of depression occur, an extraordinary demand for money arises for general trade, which aggravates the depression. In such times, with a currency composed wholly or principally of paper, the quantity is greatly diminished by the shock which credit has sustained, and the retail trade of the country is deprived of an adequate circulating medium to an extent which could not be experienced with a specie currency.

Whatever advantages may be derived from a refined and universal system of credit in the

wholesale trade of the country, it is not safe or proper to permit the retail trade to rest on the same foundation ; and therefore the Legislature are justified in prohibiting all bank notes for such small amounts as constitute the ordinary circulating medium between the dealers and consumers; and if such prohibition is continued, the consequence will be, that all bankers of real capital will be benefitted, whilst the community are protected.

*Of the Views of some popular Writers
respecting our Currency.*

In consequence of the convulsions and distresses which have succeeded each other so rapidly in the commercial world since the year 1819, an idea has been taken up and encouraged by several popular writers, that this country cannot return to cash payments (as it is termed) or dispense with a paper currency, and continue to pay a sufficient amount of taxes to defray the interest of the national debt, in addition to the ordinary expenses of a peace establishment. This opinion is advocated with much ability, not only by theoretical writers such as Mr. Cobbett, Sir John Sinclair, Sir James Graham, and Mr. Western, M. P. for Essex, (who in his Pamphlet on the Currency, published in May,

1826, argues in favor of "a material alteration of the antient metallic standard," upon nearly the same grounds as those taken by Mr. Attwood) but by men of great practical experience. In Mr. Attwood's Pamphlet, entitled, "*The late Prosperity and Present Adversity Explained*," he prophecies the most ruinous consequences from perseverance in the attempt to return effectually to cash payments. "The money of the country," he says, in page 25, "will not be able to discharge 100th part of the demands upon it, and if men live at all it will be by universal plunder. The Bank of England will be compelled to stop payment, but it will not do so probably till the distress and terror are so great as to make a Bank restriction act perfectly unequal to the mighty task of propping the falling fabric of society. But if the government should think proper to abolish the metallic standard altogether, *or to reduce it greatly by alloy or diminution of its weight*, then indeed it is certain we can have nothing to fear:" and in page 43, he says, that "nothing short of reducing the standard of gold to about *one-half* can secure the country;" that is, we must pass a law to declare an ounce of gold to be worth, instead of £3. 17s 10½d, about £7 or £8; this, he says, will injure no one, but enable us to pay our taxes and flourish in our commerce as well as in our

home trade. It is difficult to comprehend the train of reasoning of these writers, but it is evident they think that great prosperity arose during the war from our paper currency, and that by a return to it we should resume our career of wealth; that as taxation has rendered every thing dear in this country, we cannot now pay the existing rents or taxes without an amount of currency to correspond with the war prices; and that as the national debt was contracted in a depreciated currency, the interest of it ought to be paid, and can only be paid in the same.

That such a measure would lighten the burden of taxation, and of annuities and leases must be admitted; but in the same degree it would injure the fund holders, and all annuitants and lessees, and all who depend on fixed incomes. If therefore the country cannot pay the debts which it has incurred, it would be better to make a composition with the public creditor in a direct and open manner instead of adopting this evasive and indirect method. The mode of doing it, recommended by these writers, is not only making a bankrupt composition with the fund holders, but adding a great injury to a numerous body of persons who have entered into engagements since the year 1819, (when the law for resuming cash payments declared

that payments should be made according to the old standard of £3. 17s 10½d) who would be plundered just in proportion as the currency was depreciated. The bulk of the present fund holders are not the same who lent the money to the government during the war ; but if there be any reasonable doubt of their right to receive the interest on the full amount, let the subject be investigated by parliament, and a compromise adjusted. This need not make it necessary to alter the standard of value in the way proposed, which can have no beneficial effect, (other than the assumed one of lightening the burden of taxation) nor any otherwise affect the future course of trade.

But, say these reasoners, we cannot find gold to enable us to return to cash payments ; we have tried it, and we have been twice brought to the brink of ruin by the experiment ; the gold flies away speedily on the wings of commerce, and we cannot retain it in sufficient quantities to answer the purposes of our extended traffic internal and foreign ; let us hold to the *system of paper*, which answered every purpose for twenty years, by which our wealth increased at the same time that we carried on vast military operations during a war of unparalleled expense, and which is as necessary now as it was before, to enable us to carry on our exten-

sive trade, and collect our immense revenue, without impairing our strength and resources.

It would lead us too far to consider here how far the paper system contributed to the increase of our power and wealth during the late war. It must, I think, be admitted, that without that paper system, we could not have carried on the same extent of foreign expenditure year after year that we did, certainly not without inflicting a serious injury on our trade and commerce; and as we could not have borrowed such immense sums for this purpose, we could not have shifted off from our own shoulders to those of succeeding generations so large a burden as the loans and funding system have entailed. But the charges of the war continue, and the great demand for the productions of industry which the war gave rise to has ceased, and we cannot now avoid the consequences. Our prices were reduced by the restoration of peace and free intercourse with other countries to a level with those of other countries, and they cannot be raised above that level by any regulations respecting our currency. We only injure ourselves by attempting to accomplish this; and there can be no good reason for persisting in the attempt if it can be shewn,—

I.—That we can obtain an adequate supply of gold exactly proportioned to our wealth and

traffic, without impairing the capital or injuring the agriculture, trade, and foreign commerce of the country.

II.—That we cannot keep a larger amount of paper currency permanently in circulation than of gold, and therefore cannot raise our prices by any regulations respecting banks or paper money.

III.—That our internal trade and foreign commerce can be carried on to more advantage with gold than with paper currency.

IV.—That *no plan* can be devised for keeping the prices of commodities higher than they would be with a gold currency, without an alteration of the standard, and that more evil than good would result from such alteration.

That these propositions are correct, will not be difficult to make apparent to those who are acquainted with the general principles of currency, and who have attended to the state of this country, and the changes which have occurred in the supplies of money in the last few years.

1.—It is a great mistake to suppose that the quantity of currency in this country, when compared with that of France or of any other country, must be in the direct proportion that our greater wealth and traffic bear to that of other countries of Europe; the increased rapi-

dity of circulation, and other circumstances explained in the first part of this Essay, may enable us to carry on our trade with a much smaller amount of money, although our trade is so much more extensive. The whole amount which is required to carry on the trade of Great Britain may be from fifty to sixty millions ; but the amount of gold which would be required to supplant the circulation of bank notes below the value of five pounds, (which are now gradually paying off in consequence of the law of 1826) and to supply a fund for reserves to enable bankers to pay their other notes when called upon, would probably not amount to above twenty to twenty-five million pounds. Of this sum considerably above one-half is already in the country, and the supply still continues to arrive regularly from Europe as a necessary result of the state of our trade, the glut in this country of most imported articles (as before explained) having caused prices of them to rate so low as to check importation, and the prices of our exportable commodities being so low as to admit of our export trade continuing to nearly the same extent as usual. Supposing the amount of circulating or outstanding notes of the country bankers under five pounds to be at present six to seven million pounds, (which, I believe, exceeds the fact) there can be no diffi-

culty in our obtaining a supply of gold to this extent in the course of this and the following year; and the bank of England notes under five pounds are already paid off within about half a million. After the depression of 1819 to 1820, we imported, it appears, in the space of three or four years above twenty millions of gold, chiefly from France and Holland, without producing any perceptible scarcity of money, or any material depression of the prices of commodities in those countries: when the bank notes were again so plentifully poured forth, a large amount of this gold was exported, and English sovereigns circulated throughout Europe; but the tide is now again flowing into this country, and it will soon supply the quantity which may be required. The supplies from the South American mines of both silver and gold, there is reason to believe, are now rather increasing; silver flows back from Asia to Europe; and as the bulk of these supplies comes to this country, they will of course remain here until we have obtained an adequate stock. No country in the world has the power of importing the precious metals so easily as Great Britain, because no country can so quickly produce a large amount of valuable manufactures of cotton, iron, &c. at low prices, and suited to the wants of all other countries, by the export

of which, we may obtain, in any single year, several millions in value of specie, in addition to the amount of foreign commodities which our consumption may require. This import of specie may be attended with some loss to the country, but it cannot be very considerable, for the same reasons which were adduced in a former part to shew how little we should gain by exchanging a metallic for a paper currency; this loss, however, whatever it may be, has been entirely occasioned by our own unwise and vacillating policy in not adhering to the principles of currency fixed in 1819. By the legislative interference of 1822, parliament invited the bank of England, and all the country bankers, to a renewal of the small note circulation, certainly for ten years; and from what passed when this change of system was adopted, it might reasonably be inferred, that it was the opinion of the legislature, that the recurrence to paper was a measure which it might prove advisable to perpetuate, as being calculated to relieve the distress of the agriculturists, by raising the prices of farming produce. It may be hoped that the experience of the last four years has opened the eyes of ministers to the fallacy of this opinion.

2.—An opinion, however, still prevails with many persons, that we can permanently keep a larger amount of paper in circulation than of

specie, and thus sustain our prices above the level at which a gold currency would keep them. In the preceding pages, I have endeavoured to shew that this cannot be the case ; that although prices may be so raised for one or two years, or possibly a longer time, they will fall again by the natural effects of trade, as long as our paper is convertible into specie by law. But it may be said, why cannot we keep up prices of those commodities, like corn and other raw produce, which are either not allowed to be imported excepting on particular emergencies, or which are too bulky to be imported from other countries, excepting at an enormous expense—why cannot our *internal* trade be carried on with a scale of prices adapted to our peculiar situation, and proportioned to our wealth, our expenditure, and our taxation ? The answer to this is, that we can do all this with gold just as well as with paper, or better in the long run. (See on this subject Smith's *Wealth of Nations*, vol. I. b. 2, c. 2, p. 448, and in other parts.) If, indeed, we were to adopt an inconvertible paper currency, there are no limits to which we may not raise prices ; but the injustice and mischief to which we should be exposed would be incalculable, and the most important use of money would be entirely destroyed, viz. its being a steady measure of value. Our policy, as to the currency and the corn laws, has given some appearance

of correctness to the opinion, that high prices regularly accompany the use of paper, and low prices that of gold. Prices of corn and other produce of the land were extremely low in 1822, owing to very abundant harvests and other causes ; and because they rose in the following years, when the paper currency was extended, it is inferred that they would not have risen without such paper currency. That they would not have risen so much as they did is highly probable, because they rose to prices which could not be sustained permanently either with paper or gold ; but there is no doubt they would have risen with a gold currency, as high as they would have remained at steadily with a paper currency, had we continued the paper system perpetually.

It does not follow, that when *our currency* is made conformable to that of France, or other countries whose prices are regulated by the use of a metallic currency, *our prices* are to correspond also. There are much more wealth and real capital in this country, and the natural effect of the progress of wealth and improvement is to enhance the real prices of corn, cattle, timber, and most sorts of raw produce, just as it is to diminish the natural prices of almost all sorts of manufactures. The reasons for these two different effects being produced on the prices of different commodities in the same

country are satisfactorily explained by Adam Smith, and have never been disputed by any political economists. He likewise shews how the fall in the prices of manufactures tends still further to enhance the prices of land and most kinds of produce of the land, and consequently of rents. There is a natural progress in all this which cannot be accelerated by any artificial regulations of currency; and all attempts to force it will only, by producing unnaturally high prices, give an undue impulse to agriculture and trade, and so bring about the evil which it was intended to avoid of unnecessarily low prices. Our ancestors conceiving that the wealth of a country consisted entirely of gold and silver, did all that they could by severe laws to accumulate money in the country, and it is still highly penal in some countries to export the precious metals; but all such laws have proved utterly ineffectual. No more gold and silver can be retained in circulation in any country than the state of its trade will advantageously employ, and there is no quality in a paper currency which will keep it in circulation to a larger amount. It is probable, indeed, that if gold were the only medium of circulation, it would not amount to quite as much as the amount of currency that would be in existence, if it were principally composed of bank notes;

because in the latter case, the bankers must keep a certain proportion (perhaps one-fourth or one-fifth) of gold or bank of England notes constantly unemployed to answer unforeseen demands or runs. Thus fifty millions of gold might answer and keep prices at the same level as fifty-five to sixty millions of paper, with a small portion of gold; as the bank of England would keep a considerable amount of gold for unforeseen contingencies, and the country bankers would also keep a considerable amount of either gold or bank of England notes as reserves. It must also be admitted, that as the whole amount of currency in Europe would be somewhat increased by the addition of whatever sum of gold we might send thither by substituting paper for gold, general prices here, as well as in Europe, would be somewhat raised, and a small increase of currency would, therefore, circulate in this country, as it would in the rest of the world.

But it is said we cannot raise the revenue with a metallic currency; that the fifty-six million pounds of taxes which are now levied, are equal to seventy million pounds whilst the paper system was in force; and that if prices were raised, taxation would be rendered less oppressive. It would lead to a long enquiry to examine the effects of taxation on prices of commodities in a country so highly taxed as this.

It has been maintained by some writers on political economy, that taxation has the effect of raising the prices generally; Mr. M'Culloch appears to entertain this opinion, as appears from the following extract from his treatise on taxation, in the Supplement to the Encyclopædia Britannica:—"It is not easy to trace the effects, on their price, of an equal *ad valorem* duty on *all* commodities. Such a duty could not, it is obvious, at all affect their values relatively to each other; and supposing their quantity and the quantity of money in the country to continue the same, it has been contended that it could occasion no rise of prices. But *a very few words will be sufficient to shew the fallacy of this statement.* The government must receive the tax either in money or in goods. Now suppose, for the sake of illustration, that the duty is ten *per cent.*, and that it is paid in kind; in this case the supply of produce remaining in the market after the tax is paid being diminished *one-tenth*, the purchasers will only get *nine-tenths* of the commodities they previously got in return for the same quantity of money, or, in other words, prices will rise ten *per cent.* If the government receives the tax in money, the result will be precisely similar. The purchasers will still have to reimburse the producers for the tax, or to pay them ten *per*

cent. additional for their goods. For if this were not really the case—if the purchasers who do not directly pay the tax to government continued to get the same quantity of produce for the same sum of money after its imposition as before, there would be no cause in operation to occasion the smallest diminution of individual consumption; and it is plainly impossible that the tax could, in such circumstances, give the government the means of obtaining an increased share of the produce of the country, which is absurd. Not only, therefore, is it certain that a tax on a particular class of commodities will raise their price; but *it is also certain that an equal ad valorem duty on all commodities will, without any increase of money, occasion an equal and universal rise of prices.* The real effect of every such tax is to transfer a portion of the produce of the industry of the country into the hands of government, and consequently to cause a *less* portion of that produce to come into the hands of every individual whose means of purchasing are not increased. Such a rise of prices is widely different from the rise which is occasioned by an increase in the quantity of money. When it is increased, prices rise, because *more money* is given for the *same quantity of goods*; but when an *ad valorem* duty is levied, prices rise, because the *same sum of money* is given for

a *less quantity of goods*, a portion of them having been transferred to government."

It is with deference that I differ from so high an authority on this subject; but I cannot see with him how "*prices of commodities can be raised universally (as he says) by an equal ad valorem tax on all articles, without any increase of money,*" unless the money is made to circulate more quickly in consequence of the tax; he says, "*the same quantity of money is given for a less quantity of goods, a portion of them having been transferred to government ;*" but the *money* which represents these goods is transferred to the government also, and this money is employed by the functionaries of government and receivers of taxes in the circulation of these goods.

Taxation, though it raises the prices of those articles which are taxed, cannot raise the prices of *all* commodities; whatever form it assumes it is simply a payment to the state of a portion of the income of the country; whether it be imposed on the landed produce, or imported produce, or on manufactures, or on all of these, (as is the case in this country) it is still a deduction from the incomes of all the consumers in proportion to their incomes. If all taxes were paid directly by a poll rate on the community, it will be admitted that no effect on

prices of commodities would be produced ; but this would be impracticable. Taxes are therefore laid on commodities in the producers or dealers' hands, and these parties become in fact the tax gatherers ; they collect from all the consumers a certain portion of their incomes for the state, and the same amount is distributed again amongst the servants of government, who by expending it, send back the money into the channels of trade.

The real effect of taxes, therefore, is not to raise prices ; they have necessarily *a tendency to depress the prices*, that is, the nett prices independent of the tax, not only of the commodity taxed, but of all other commodities ; the taxed articles must indeed be raised in prices *pro tanto* in some degree proportioned to the tax imposed, but the *prices of the same articles independent of the tax* are reduced, together with all other commodities which are not taxed. If taxes were diminished on all articles, the real prices would rise above what they were before worth without the tax ; and if a new tax were imposed on all articles, the prices would naturally fall in somewhat a similar ratio, unless the incomes of the consumers were increased.

Taxation has been said to raise general prices by increasing the rapidity of circulation, but this cannot be correct ; it increases the number of

operations which the money of a country has to perform, and this makes a larger amount of money requisite, but it does not increase the rapidity of circulation, and consequently does not raise prices in that way.

If the whole *quantity of goods* in the country is not increased by taxation, it is impossible they can require a larger quantity of money to circulate them. But if taxation has the effect, which it frequently has, and which is its natural effect if not carried to such a height as to paralyze the industry of the people of increasing the labour and productive powers of the country, it may produce such an increase of the *whole quantity* of commodities as would require an increased quantity of money to circulate them. If taxation were reduced, it would not be a necessary consequence that the productive power of the country would be diminished ; the people at large would probably consume a larger quantity, for their means of consuming taxed articles would be more or less increased, and their productive power would remain the same as at present. This is the only palliative which can be applied to relieve us from the great evils which we suffer from excessive taxation ; and there is no reason to doubt that reduction in taxation might be carried much further than it has been, without impairing the strength of

the government, or hazarding the security of the fund holders.

During the war prices of commodities generally were raised by the depreciation of the currency consequent on our vicious paper system, and in a considerable degree also by the great increase in the rapidity of circulation consequent on the loans and government expenditure. We cannot now expect the pressure of taxation to be alleviated by these circumstances ; but since the peace, a large portion of direct taxes, including the property tax, (which was the most oppressive as being really a tax on capital) have been removed, and those which remain are mostly taxes on consumption ; the consumption however has been found to increase as prices have fallen ; and whilst this is the case, it cannot be said that the remaining taxes cannot be paid as well as they were during the war, when prices were so much higher. The producers may suffer from the fall in prices, if this is occasioned by excessive taxation, and production may be checked in consequence ; but this is another question, which we are not now examining.*

* The producers and importers of highly taxed articles are affected by a rise or fall in the general prices of commodities, such as results from fluctuations in the quantity of the circulating medium, to a degree which the producers of other commodities do not experience. Take as an example the article of sugar, which pays a duty for home use of 27s 4^d cwt. In the spring of 1825 the merchant sold his brown sugar to the dealer at 55s 4^d cwt. duty paid, leaving a nett price

3.—In the course of this enquiry we have seen how materially our foreign as well as our home trade are deranged by the fluctuations which take place with a paper currency. The use of gold would not prevent considerable changes in the quantity of money, and the rapidity of its circulation, especially whilst our

after deducting the duty of 28s 7½ cwt.; in the summer of the same year the price which the merchant got for the same quality was 70s 7½ cwt., equal to 43s 7½ cwt. without the duty. Thus, whilst the consumer paid 27 7½ cent. advance in the price of this article, (which was perhaps about the same advance as was paid on many other articles) the merchant actually received a clear advantage of 50 7½ cent. viz. 43s instead of 28s 7½ cwt.! But the revulsion which took place at the end of the same year brought prices of commodities generally down again to the level from which they rose: in the spring of 1826 prices of sugar were the same as they had been 12 months before; the consumer paid 55s instead of 70s, being a fall of 22 7½ cent., whilst the merchant only received 28s instead of 43s 7½ cwt., which was a loss of 35 7½ cent. During the progress of these extraordinary fluctuations, there was no remarkable change in the stock or the supply of this article. For some time after prices rose, the consumption continued apparently without diminution; trade was active, all persons were employed, and there was plenty of money; but in the fall of the year it was apparent that the consumption was checked, money soon became scarce, and prices fell. As soon as they had regained their low level, the consumption went on as usual.

If the duty on sugar had been 100 7½ cent. ad valorem, the merchant would have gained an advance in the nett price when prices rose of 25 7½ cent. instead of 50 7½ cent., and the government would have received the other 25 7½ cent.; and when prices fell again the merchant would have lost only 17½ 7½ cent., instead of 35 7½ cent., and the revenue would have lost the remainder. By a system of ad valorem duties, the producers and importers would not be subject to such violent changes in the value of their commodities, as they are on the plan of fixed rates by weight or tale; and if the ad valorem system were generally adopted, the prices of commodities generally would be more steady and equable; the inducement to speculate would be diminished, and the portion of the income of the nation which is taken for the use of the state would be more proportioned than it is on the present system to the means of the people, both in periods of excitement or depression, and in the ordinary state of regular trade.

corn laws and other restraints on our commercial intercourse continue in their present unnatural state ; but the difficulties and shocks which injure our trade would be much diminished by the use of gold.

When we increase suddenly the quantity of our paper currency, it appears that a proportionate amount of gold is exported, which checks the exports of our manufactures, and raises the prices of produce in those countries of Europe with which we trade ; and it is extremely difficult for merchants to make their calculations, and to ascertain with accuracy either the prospect of supplies of foreign merchandize or of profitable sales in this country. Should the whole amount of gold in the country be sent abroad, and the plan of Mr. Ricardo's "*safe and economical currency*" be substituted, so that all our currency was paper, the same uncertainty in our commerce would continue. In that event the quantity of our currency, and its rapidity of circulation, would be at least as liable to fluctuations as it is with the mixed currency which we now use. In case of a bad harvest the bankers would increase their issues, and thus by raising prices, prevent that export which is necessary in order to obtain an import of our corn on the best terms ; and in those periods of commercial changes when credit is

checked, they would, as at present, diminish their issues under the influence of unfounded alarms. From the same causes the internal traffic and industry of the country would be more liable to irregularities: at one time an extraordinary impulse would be given to agriculture, and this would probably be followed by an extraordinary and unnecessary depression.

It is obvious, that with a gold currency the supply of money would be much more uniform and steady in all ordinary states of trade; and when an import of corn or any political emergency drew a part of it out of the country, the consequent fall in prices would speedily bring it back again. This part of the question has been fully discussed in the first part of this Essay, as far as regards our foreign trade. But it may be said that our home trade, would be much encumbered by the universal use of gold: no doubt if the great transactions which constitute the wholesale trade of this nation were to be carried on without the bills and large bank notes which are now so largely used, great inconvenience would be felt; but this has not been recommended in this Essay, and I see no reason for altering that part of our paper system. If the notes under £5, which form the retail part of our circulation, be extinguished, every important object will be obtained.

The power of forcing production and consumption more rapidly than can be maintained by the regular growth of capital industry and population will be sufficiently checked, and all classes will be constrained to exercise the useful virtues of temperance and moderation in their pursuits more than they have done.

The establishments of branches of the bank of England, and of joint stock banks (under the sanction of the laws passed in 1826) will probably secure a more regular and steady supply of money in the country, both paper and gold, than we have had with the system of local notes; and the dreadful evils, especially to the poorer classes, which arise from the failures of the country banks who issue notes, will be much diminished. They will not, however, have the effect of creating an increase of currency, such as will raise our prices above the level of other countries, because the greatest temptation to over-issues is removed by the abolition of one pound and two pound notes, of which no new ones can now be issued. It may be said, that the bankers may increase their issues of five pound or ten pound notes; but as the *wages of labour* and the daily traffic of the country cannot be paid with these notes, they would not remain in circulation if issued; for if the farmers and manufacturers took them, they must get them exchanged for sovereigns

at the bank of England offices, and those offices would immediately present them for payment to the banks who had issued them.

It has been said, that the temptation to hoard gold might produce great inconvenience, and that we should thereby be more exposed to fluctuations in the amount of money, and consequently of prices, with gold than with paper money. This appears to me a trifling consideration; in periods of popular commotions or general distrust, the dangers and losses from a paper currency must always exceed those which can arise from the use of specie. During the period when our paper was much depreciated, and the events of war produced a state of alarm in this country, a good deal of gold was hoarded; but, if the general use of it were re-established, so that it constituted above one-half of the circulating medium, few persons would be disposed to hoard to any extent, because they would find that it was always to be got in sufficient abundance.

An opinion is still entertained by many persons, that the *export* of our manufactures must, at no distant period, decline, or at least be very much diminished, in consequence of our being unable to continue to compete with the manufacturers of other countries, where taxation is much lighter, and prices of provisions much lower: this opinion was first expressed at the

conclusion of the war, since which the works of Ricardo, Mill and M'Culloch on the Principles of Political Economy have satisfactorily shewn, that there are no good grounds for such apprehensions; and the experience of ten years, during which our principal manufactures have continued to be exported in increasing quantities, confirms the soundness of their views. It would lead into too long a digression to discuss this argument here, and it is not strictly a part of the currency question (as the real prices of provisions and wages cannot be permanently raised or lowered by the use of one species of currency rather than another); but no person can entertain much doubt on this subject, who will attentively read the 7th chapter of Ricardo's, the 4th chapter and 17th section of Mill's, and the 3rd part of the 6th section of Mr. M'Culloch's works.

4.—From the preceding train of reasoning we are brought to the conclusion, that no contrivance can be made for raising the prices of goods permanently above the range at which they would stand with a gold currency, unless we alter the standard of gold from £3. 17s. 10½d. per oz. to some higher price. We have shewn, that no advantage would result to our trade or agriculture if we could so raise prices of commodities; but it will be interesting to examine

the reasons alleged for altering the standard, and what would be the effect of such a measure.

The letter, lately published in the papers, by Sir John Sinclair, (of which an extract is given in the note below*) exhibits a fair specimen of the arguments which have been adduced for

* *Extract from Sir J. Sinclair's Letter, addressed to the Manufacturers, &c. of Great Britain in 1826.*

“ I most sincerely lament (he says) the deplorable state to which you have been unfortunately reduced, and the little prospect there is of any material alleviation of your present sufferings. I regret it the more, as so many among you are inclined to attribute your distresses to wrong causes, when, in fact, the real one is, ‘ the fatal change in the currency at the conclusion of the late war;—the low price at which foreigners are now, by law, entitled to demand gold, in payment of the goods they send us, and the great alteration in the rate of our exchanges, in consequence thereof.’ The subject is abstruse; but the real effects of the ruinous system that was adopted can now be so clearly proved, that it can no longer be denied by any one, who dispassionately considers the existing circumstances of the country, and compares them with its former state.

“ It has of late been observed, how anxious foreigners are to send us goods; and if they took our manufactures in return, the trade would be beneficial to both. But unfortunately, when foreigners send their goods here, they are entitled, *by law*, to demand gold at so low a price as £3. 17s. 10½d. per ounce. The consequence is, that they either take gold in kind, or bills of exchange valued at that price, having no inducement to take our manufactures; for with the gold they get from us they can purchase manufactures more advantageously either at home or in their own neighbourhood, more especially since so many new branches of industry have been established on the Continent, which may thus be extended, by means of British capital, procured by the sale of grain and other foreign commodities, paid for by us in gold.

“ Hence the only chance there is of having your useful occupations re-established—adequate wages given you—and your former prosperity restored—is, to prevail on Parliament *to increase the legal price of gold to £5 per ounce.* Foreigners would prefer our manufactures, if moderately charged, even to gold, if they must pay a high price for it. In short, it should be laid down as a principle not to be departed from, that gold ought always to be so high in this country as to discourage the importation, and thus to encourage the exportation, of *manufactured goods.*

altering the standard of our currency; these have been noticed in the preceding pages: in

“The precious metals answer two purposes:—They are either a medium of domestic circulation, or an article of foreign commerce. In the latter point of view, it is essential that they should not be so low as to induce foreigners to purchase them instead of goods, or that our own merchants should have an interest in exporting them, from the great profits they would thence derive. *It was the high price of gold that rendered our manufactures so flourishing during the late war, and it is its low price which has reduced them to their present state of depression.*

“In fact, it is impossible to foresee to what a state this country may be reduced, if the present system of currency is continued. It encourages the importation of corn and other agricultural productions, to the ruin of our own agricultural classes, because foreigners can get, in return, *cheap gold*. It promotes the employment of foreign shipping, because foreigners get for their freights *cheap gold*. It operates as a bounty of from 20 to 30 $\frac{1}{2}$ cent. on the importation of foreign manufactures, as silk, gloves, &c. because foreigners get in return *cheap gold*; and all the frightful calamities we suffered during the late panic were entirely owing to the impossibility of procuring a sufficient quantity of ‘*cheap gold*.’ Let the mint price of gold be raised correspondently with the prices of other commodities, and none of these mischievous consequences can again ensue.

“If these observations are just, the agricultural, manufacturing, and other productive classes, should unite in the strongest representations to government, on the absolute necessity of making an immediate change of currency.

“As to the proposed mode of your obtaining relief, that of importing corn, to be paid for by exporting *British manufactures*; without dwelling on the essential injury that it would do to *your home market*, the idea is quite delusive; for upon inquiry it appears, that hardly any of those vessels that brought us corn in 1818, or more recently, since the Order of Council admitting foreign importation, have taken back, to any amount worth mentioning, either British produce or manufactures. If brought from other places, their sale would have taken place at any rate, and did not arise from the importation of corn.

“I beg to add, that in a paper published by me, dated 15th July, 1829, the present circumstances of the country were clearly prognosticated. The words I then made use of were as follows:—‘If we insist on a circulation in gold, we must ruin our manufactures and commerce. Gold cannot be brought into this country, or will not long remain in it, unless the rate of exchange is *in favour of England*, as it is called; and when the exchange is in favour of England, it imposes a burden of from 20 to 30 $\frac{1}{2}$ cent. on our exported manufactures, under the pressure of which it is not in the nature of things that they can prosper.’

order to expose their fallacy completely, it would be necessary to go into an examination of the causes of the depression which is now existing, and was experienced in 1816 and 1822 in agriculture and trade, which would lead to a long political disquisition, which is not the object of this Essay. I trust what has been said is sufficient to shew that we cannot make trade and agriculture prosper steadily, by continuing the system of tampering with our currency. But it has been alleged, that the currency has been reformed by the legislature in 1819, and again in 1826; and what evidence, it is asked, is there that it is now right? Why not fix the price of gold at five pounds or six pounds the ounce, instead of £3.17s 10½d? Or why do we make gold our standard instead of silver, which is the standard of the rest of the world? May not gold be really worth more at present than £3. 17s 10½d ♥ ounce, which was the rate it was fixed at above a century ago, when prices of corn and other commodities were much lower than at present? May not the whole supply of gold in the world be so much diminished, or the use of it for plate and ornaments

“ In fact, when British manufactures were sold during the war for £5. 10s, it required only one ounce of gold in exchange for them; but when the price of gold fell to £4, the very same quantity of British manufactures required nearly ‘one ounce and a half’ of gold in exchange for them, and consequently this fall of the price of gold necessarily occasioned a similar fall in the price of British manufactures.”

be so much increased that it is really worth five pounds to six pounds £ ounce ?

It is a sufficient answer to these questions to say that we can purchase at all times any quantity of gold at $\text{£}3. 17\text{s } 10\frac{1}{2}\text{d}$ £ ounce, and there is quite as much reason to think that silver has risen in value as gold in the money market of Europe. It has been stated before, that there has perhaps been some enhancement of the value of the precious metals in the last fifteen years, owing to the revolutions in South America, where they are principally produced ; but it is probable the falling off in the supply of silver has been greater in proportion than in that of gold. If however the supply of either had been diminished materially, an obvious fall in the general prices of commodities in the rest of the world would be the consequence. It does not however appear that prices are generally lower in other countries than they have been for forty or fifty years past, excepting during some periods of the war from 1805 to 1813.* This may indeed be attributed in some measure to the more extended use of credit and of paper money, consequent on the return of peace and renewed confidence in the trading community of Europe ; the natural effect of which would be, by greater economy in the use of gold and silver as cur-

* See table of comparative prices in Appendix (A.)

rency, to prevent prices from falling, even although the actual quantity of money should have been sensibly diminished, or the quantity of commodities increased by increased production. In France the circulation of bank notes is almost confined to Paris and the vicinity, and the quantity of specie in that country is therefore very large, perhaps one-fourth of all the specie in Europe; in Holland there is no paper money, and very little in the South of Europe; but in Austria, Russia, and several of the German States, paper money circulates to a large amount, by which a corresponding amount of gold and silver is disengaged, and added to the circulation of the rest of Europe.*

Whatever may be the present stock of the precious metals in the world however compared with former periods, there is no evidence of the relative value of gold and silver having been materially altered, at least not since the commencement of the present century; an ounce of gold still exchanges for $14\frac{1}{2}$ to 15 ounces of silver in all the states of Europe, as it did when our standard was fixed about a century since; with an ounce of our standard gold we can purchase about 15 ounces of silver of the standard fineness, and with 15 ounces of silver we can

* See note in the 4th volume of Storch's *Cours d'Economie Politique*, on the paper money of different states of Europe.

purchase one ounce of gold as easily as at any former period to any extent that we may want it ; and whether we use one metal or the other for our currency is quite immaterial as regards prices. The late Lord Liverpool recommended gold in his treatise on the Coins of the Realm in 1805, as the fittest standard for a rich country like Great Britain. Mr. Ricardo and Mr. M'Culloch incline to the opinion, that we should adopt silver as our standard in preference to gold, principally because it is the standard and principal currency of the rest of Europe ; but it has never been maintained by any political economist that *prices* would be perceptibly affected by so doing ; all the difference resulting from the exchange would be, that we should have a larger quantity of silver in circulation, and that gold would be current at its relative market value ; and the consequence of the increased use of silver would be, that money would not circulate quite so quickly.

It has been seen, that in three or four years we imported above twenty millions sterling in gold ; the greater part of this came from France, (where it is rated at one to fifteen when compared with silver) and yet it appears on the best evidence, (that of the most eminent merchants connected in trade with that country) that no perceptible fall in prices of commodities took

place there. Perhaps a temporary scarcity might have been experienced ; but it would be speedily supplied by the bankers and others whose business it is to attend exclusively to the money markets of Europe, bringing a new supply of gold from the other states of Europe. The table given in the note below shews the relative value of gold and silver, as fixed in the principal states of Europe.*

At present silver is only a legal tender for 40s, and it has been supposed that some advantage would be derived from its being made a legal tender for any amount, the same as gold, but it is evident this could not have any material influence on prices; and inconveniences would result from a double standard, which it is foreign

* Previous to the working of the mines in America, the proportionate value of gold and silver was as one to eleven or twelve in Europe, which was nearly the same as it had been in the time of the Romans. About the year 1600, it was about one to twelve; before the year 1700, it rose to one to fourteen; in England it was fixed at one to fourteen and a half in the reign of Charles II., and so it remained to a recent period. At present the proportion, in most of the countries of Europe, is as one to fifteen.—See Storch's *Cours d'Economie Politique*, edited by J. B. Say, vol. II. p.165, &c. from which I extract the following account of the relation between the value of gold and silver, viz.—

“ Le système monétaire des principaux états de l' Europe suppose le rapport entre la valeur de l'or et de l' argent comme il suit :

L'Espagne comme 1 a 15½	La Russie comme 1 a 15
L'Autriche „ 1 a 15 ²⁸ / ₁₀₀	La Prusse „ 1 a 15
L'Angleterre „ 1 a 15½	L'Allemagne „ 1 a 14½
La France „ 1 a 15	Le Portugal „ 1 a 13½”

In Spain, which supplied Europe with silver, gold was valued higher than in the other countries; and in Portugal, which supplied Europe with gold from Brazil, it was valued lower than in any other country.

to our purpose to enquire into. Those who are curious to see the merits of this discussion may consult Mr. Ricardo's and Mr. Mill's works on the Principles of Political Economy, and a good summary of it may be found in the article on "Money" in the Supplement to the Encyclopædia Britannica. It appears that Sir W. Petty, Mr. Locke, and Mr. Harris, as well as the late Lord Liverpool, all agreed in the opinion, which is supported by recent writers on this subject, that the money which is to be the standard measure of value should be of one metal only.

In most of the states of Europe great alterations have been made in the value of money at different times, either by adulterating the current coins, or by raising their denomination: these have generally been the arbitrary acts of government in order to discharge their debts; in this country, however, there has been evinced in the last few years a considerable disposition amongst the landowners and aristocracy, as well as some of the trading part of the community, to urge the government to do the same thing, contrary to their better judgment. (See, in Appendix, petition from Liverpool to Parliament in 1820, and Sir J. Graham's pamphlet, published in 1826, entitled "Corn and Currency.") Unfortunately the depreciation in our currency which took place to a great

extent in 1807 to 1816, in consequence of the bank restriction act of 1797, afforded some pretext for entertaining this proposition at the close of the war, inasmuch as a vast amount of engagements were entered into during a space of seven or eight years when the currency was depreciated from 15 to 25 per cent. But in the year 1817 to 1819 this depreciation was done away with; the renewed intercourse with Europe brought us back to the old standard without any interference of government, and the return to cash-payments and the regular standard was as complete for two years before the passing of Mr. Peel's bill in 1819, as it has been since. Our currency has now remained on a par with the rest of Europe for a period of above ten years; new and extensive contracts have been formed upon the faith of it; and if an attempt were made now to alter the standard, on the alleged ground of doing justice to those who have suffered from the depreciation which occurred during the war, and of relieving the country from the burden of the debt incurred during that depreciation, it would lead to the utter subversion of all confidence; and upon the very principles on which such an adjustment is supported by those who have recommended it, a second robbery would be perpetrated, and a mass of injustice would be inflicted on one set

of individuals, infinitely greater than the alleged injustice to another set, which it is pretended would be remedied; inasmuch as the standard, if it was unadvisedly departed from by the operation of the Bank Restriction Act of 1797, was advisedly re-established in 1819, and restored to its original value by the solemn decision of the legislature after a full enquiry.*

* *The following Observations on this Subject are taken from Mr. M'Culloch's excellent Article on Money in Supplement to the Encyclopædia Britannica.*

“ Every objection which it was possible to make to the degradation of the standard in 1819 must apply with tenfold force to the scheme for degrading it in 1821; while, on the other hand, all the arguments that could have been urged in favour of the measure at the former period must now be proportionably weakened. Two years more have been afforded for the completion of those arrangements which had been begun in 1817 and 1818; and an immense variety of new contracts and engagements have been entered into, exclusively with reference to the present value of money. A fresh reduction of the standard would vitiate all these engagements, and plunge us anew into that confusion and embarrassment from which we have now nearly escaped. We should again witness the most pernicious subversion of private fortunes. Debtors would again be enriched at the expense of their creditors; the ignorant and unwary would again become the prey of the cunning and crafty; and capitalists would be eager to transfer their stock from a country where it would be impossible to lend it, except at the risk of getting it repaid in a depreciated currency.”

The following Remarks, on Sir J. Graham's Proposition to tax the Funds and Annuities, are taken from the last Number of the Westminster Review, and appear to me to contain a complete Answer to every thing like Argument which has been urged on this Subject.

“ In all that can be said about the currency, nothing is material to the question, but the two alterations in its value: first, from a higher to a lower; secondly, from a lower to a higher value. The first alteration followed the suspension of cash payments in 1797. Paper was issued in such quantity as materially to reduce the value of the currency. In 1797 the nation had a great debt, all contracted when the currency was of full value. When the value of the currency was reduced, the interest of this debt was paid in the degraded currency. So far the national creditor was defrauded. He got less than his due.

The effect of altering our standard from £3. 17s 10½d to £5 the ounce, as proposed by

“During the period of the depreciation, a great amount of new debt was contracted. This was contracted in the depreciated currency. When the value of the currency was raised by the return to cash payments, the interest of this debt was paid in a currency more valuable than that in which the loans were advanced. ‘On this account,’ say the landlords, ‘30 $\frac{1}{2}$ per cent. should be deducted from the interest of the national debt.’

“But, first of all, if we make from the last portion of the debt a deduction equal to the increased value of the currency, we shall, of course, perform a similar act of justice with regard to the former part, which, during the whole period of depreciation, received less interest than ought to have been paid for it. The amount of what we should have to pay in that case has been accurately computed by Mr. Mushet, and the result exhibited in a set of very valuable tables. The fact is, that the annuity we should have to pay in perpetuity to the first set of creditors, as an equivalent for their loss, would be greater than the annual deduction which could be made from the annuities of the second class. The creditors, taken as a whole, have a demand upon the nation for loss, on account of changes in the currency. The nation has no demand upon them on account of over-payment.

“There is another view of the case, which will be of great importance as often as equity and morality are deemed elements in the calculation. The loans which were made during the period of depreciation were made by open competition, and of course were as favourable to the government as the circumstances of the times, all taken together, would permit. If any of the favourable circumstances had been taken away, the terms of the loans would have been less favourable. If any had been added, they would have been more.

“During the whole time of these loans, it was the law of England, by an express act of Parliament—not considered as words without a meaning—not regarded as a case of legislative fraud, but an enactment of the highest importance, that payments in cash should be resumed six months after the termination of the war. Unquestionably this resumption was as much a part of the terms of each of those loans, as the amount of stock which was to be given for the money advanced. It is false, therefore, to say that the holders of such stock are not entitled to the payment of their interest in the reformed currency. They are entitled to it. It was part of their bargain.

“The attempts to give this ‘equitable adjustment,’ as they are pleased to call it, a show of equity, failing totally, it stands in its true colours, an act of bare spoliation. Some of the highest names in Parliament have implicitly confessed as much. It was an event, they said, greatly to be deprecated; it was to be avoided, if possible; but then necessity has no law, except its own; and they pedantically quoted the law jargon of *nemo tenetur ad impossibile*.

Sir John Sinclair, would be the same as making a law that 20s should pass for 25s, £80 for £100, or that one-fifth part of old debts and engagements should be cancelled ; of course the public who pay thirty million pounds annually to the fundholders would continue to pay the same nominal amount, but the real amount would be diminished in the same proportion. The rights and obligations of public bodies and communities of men ought to be treated on the same principles of equity that serve to guide the conduct of individuals ; but such is the imperfection of our nature, that a party or class of men will often act towards another body or class of men without any apparent sense of injury, in a way which would excite universal disapprobation if practised between man and man.

If, however, the denomination of our standard

“ There is in this language a singular union of folly and atrocity. An act of confiscation, more extensive than was almost ever perpetrated by the injustice of hostile factions in the fury of a civil war, is proposed to be founded, in a state of profound tranquillity, on an assumption, the absurdity of which may be made visible to a child.

“ At the present moment the annual produce of the country, leaving out the portion unavoidably consumed by the labourer, is divided, in certain proportions, among the landlords, the capitalists, and the national creditors. Can there ever be an impossibility of so doing it ? Can less than the due share ever be given to one of those classes, to any other end than to enrich the other two at that one's expense ?

“ Impossibility ! When, in common justice, is this plea held valid on the part of a private debtor ? Only when the whole of his property transferred to his creditors will not pay his debts. To allege impossibility, then, on the part of the people of England, is the most impudent of all pretences.”

was raised, as is proposed, the party who advocate it would be disappointed in their expectation as to the relief which it would afford in regard to taxation. The amount of all taxes which are levied by a fixed rate on the quantity of articles consumed would indeed be more easily paid, because the nominal prices of all commodities would be raised ; but all the taxes levied by an *ad valorem* rate, such as those on stamps, cotton, tea, &c. would rise with the nominal value of these articles ; and as the government functionaries would find their salaries and their means of supporting expensive establishments, civil and military, diminished in proportion to the diminished value of money, they would not find it difficult to induce a parliament which would sanction such depreciation, to make an advance in their salaries, and in the rate of taxation generally, corresponding to it. A political consequence would result from such a tampering with our engagements, which many persons would regard as a benefit, viz. that in future it would be very difficult for government to borrow money ; the expenses of future wars would be paid by those who engaged in them, and the nation could not shift off the burden of its extravagance by impawning the income and property of future generations.

It is not to be inferred, from the views taken in the preceding pages, that the writer attributes the great shocks which have deranged our domestic and foreign trade since the return of peace to one cause only, viz. that connected with our bad system of currency. A large portion must be attributed to the excessive taxation which presses too heavily on the productive powers of industry—to the corn laws, which not only produce the effect of a great addition to taxation, but have the effect of creating great alternations in our foreign trade, and consequent vicissitudes in manufacturing as well as agricultural pursuits—to our laws for regulating the use and interest of money, which prevent capitalists from lending money at its real value when it is most wanted, and thus aggravate the evils of revulsions in trade, and to other fiscal and commercial restraints necessarily resulting from our highly taxed and artificial situation. But the state of our currency will alone account for that degree and description of distress and fluctuation in property which we have lately witnessed.

The Bank Restriction Act of 1797 ought perhaps to be considered as the origin of all this evil; for to this measure is to be attributed the artificial and unnatural value given to land and all property and produce during the war which

deranged the sober calculations of regular industry ; and whatever may be traced by one party to the act of 1819 for resuming cash payments, and to the shock which confidence sustained from the parliamentary enquiry into the expediency of that measure ; whatever may be referred by another to the act of 1822 for introducing again the small notes ; whatever may be attributed by a third to the spirit of overtrading and speculation ; all must now admit, that the legislative measure of 1797 laid the foundation for the pecuniary embarrassments which we deplore.

That fatal act, by investing a banking corporation with the prerogative of regulating the monetary concerns of the nation, rendered the whole trade of the country dependant on a system of paper credit, fluctuating with the opinions and feelings of the bank directors, who were thus led to consider themselves the guardians of this branch of national policy.—(See in Appendix (K.) their protest against the plan for resuming cash payments in 1819.)

Reared upon this foundation, our paper system, whilst supporting the wasteful expenditure of the war, caused that successive advance in prices of all real and moveable property, and of the wages of labour, which made apparent prosperity result from the war,

contrary to all previous experience. Excessive taxation seemed to be no longer an evil. All branches of industry flourished as long as the prices of commodities continued to rise. The return to cash payments when peace came was therefore the pinching time; after submitting to it for three years, our legislators vainly conceived they could remove the pressure by relaxing the act of 1819, and thus increasing the currency; a temporary and unstable prosperity was the result, our prospects being at the same time brightened by the recognition of South American independence, by a rapid increase of exports to those vast regions, fostered by loans and large investments in mining speculation, and also by a solid increase of our trade with India and other parts of the world.

The nation is now brought back to the state in which it was left by the act of 1819; our population has increased, though there is reason to fear the means of the great mass are diminished by the excessive pressure of taxation (since the consumption of those articles which constitute the chief support of the people does not appear to have kept pace with the increase of their numbers); our capital and resources are, perhaps, a little impaired, but they are fully adequate to the support of our agriculture, manufactures and commerce; our trade has been

freed from many shackles which encumbered it ; many errors in our commercial policy have been corrected ; and by a rigid economy and wise administration of our resources, with a steady adherence to a sound system of currency, we may sustain our burdens, and gradually re-establish our prosperity on a more solid foundation.



APPENDIX.

(A.)

Comparative Prices of the Staple Articles of the Growth and Produce of Europe before and during the war, (taken from Mr. Tooke's work on High and Low Prices) and of the same Articles since the war, (taken from the London Price Current.)

	Average Prices in the ten years of Peace, from 1783 to 1792.		Average Prices in ten years of War, from 1803 to 1812.		Average Prices in the six years of Peace, from 1819 to 1824.	
Ashes, Dantzig, P cwt.....	27s	to 31s	41s	to 45s	30s	to 34s
Butter, Dutch, do.	54s	to 55s	95s	to 107s	60s	to 65s
Brandy, French, P gal.....	3s 8d	to 4s	8s 6d	to 10s	3s 3d	to 3s 9d
Flax, Russian, P cwt.....	41s	to 43s	85s	to 88s	40s	to 44s
Hemp, do. do.	27s	to 29s	69s	to 71s	30s	to 33s
Iron, do. P ton.....	14l	to 14l 5s	15l 10s	to 19l	12l	to 13l
Oil, Olive, P tun.....	41l	to 42l	67l	to 71l	42l	to 46l
— Whale, do.	20l	to 22l	33l	to 35l	22l	to 24l
Seeds, Flax, P qr.....	36s	to 42s	66s	to 70s	43s	to 45s
— Clover, P cwt.....	36s	to 65s	43s	to 92s	30s	to 60s
Silk, Reggio, P lb.....	22s 6d	to 24s 6d	23s	to 25s	13s	to 15s
Tar, Swedish, P bl.....	16s	to 17s	35s	to 37s	16s	to 18s
Tallow, Russian, P cwt....	43s	to 44s	75s	to 77s	40s	to 45s
Timber, Memel, P load....	40s	to 45s	140s	to 150s	45s	to 50s
Wheat, Dantzig, P qr.....	34s	to 48s	58s	to 95s	33s	to 40s
Wool, Seville, P lb.....	2s 3d	to 2s 6d	3s 10d	to 6s 6d	1s 6d	to 2s

N. B.—The prices of all these articles are stated *without the duties*. It is almost unnecessary to observe, that although the prices quoted are those of the London market, they represent, with sufficient accuracy, the relative prices of the markets of Europe, at least in the two periods of peace.

From these comparative tables it will be seen, that the prices *since the peace* are fully as high (excepting the articles of wheat, wool, and silk) as they were in 1783 to 1792 *before the war began*; the very low prices of wheat may be attributed to the increased quantity produced during the war for the English, French, and Spanish markets, the demand for which markets has been comparatively trifling since the termination of the war. The low prices of wool may be accounted for from the great increase in the growth of this article in Saxony and other parts of Germany; and the fall in the price of silk may in like manner be owing to the greatly extended production of this article in India.

(B.)—No. 1.

BANK OF ENGLAND CIRCULATION.

An Account of the Circulation of the Bank of England Notes during the under-mentioned Periods.

		Total.	Of which under £5. none
1792	February 25.....	£11,149,809	
	August 25.....	11,006,969	"
1793	February 25.....	11,428,381	"
	August 26.....	10,838,214	"
1794	February 26.....	10,697,924	"
	August 26.....	10,628,220	"
1795	February 26.....	13,539,163	"
	August 26.....	11,458,382	"
1796	February 26.....	10,909,694	"
	August 26.....	9,531,335	"
1797	From January to June inclusive.....	£10,821,574	} 1,483,740
	July to December "	11,218,084	
1798	January to June "	12,954,685	} 1,526,890
	July to December "	12,204,547	
1799	January to June "	13,374,874	} 1,500,000
	July to December "	13,525,714	
1800	January to June "	15,009,457	} 1,700,000
	July to December "	15,311,824	
1801	January to June "	16,134,249	} 2,400,000
	July to December "	15,487,555	
1802	January to June "	16,284,052	} 2,900,000
	July to December "	16,571,726	
1803	January to June "	15,967,094	} 3,200,000
	July to December "	17,043,450	
1804	January to June "	17,623,680	} 4,500,000
	July to December "	17,192,440	
1805	January to June "	17,271,429	} 4,500,000
	July to December "	16,480,713	
1806	January to June "	16,941,887	} 4,250,000
	July to December "	16,641,761	
1807	January to June "	16,724,368	} 4,000,000
	July to December "	16,687,438	
1808	January to June "	16,953,787	} 4,000,000
	July to December "	17,303,512	
1809	January to June "	18,214,026	} 4,400,000
	July to December "	19,641,640	
1810	January to June "	20,894,441	} 6,000,000
	July to December "	24,188,605	
1811	January to June "	23,471,297	} 7,200,000
	July to December "	23,094,046	

1812	From January to June inclusive.....	£23,123,140	} 7,600,000
	July to December "	23,351,496	
1813	January to June "	23,936,693	} 7,700,000
	July to December "	24,107,445	
1814	January to June "	25,511,012	} 8,300,000
	July to December "	28,291,832	
1815	January to June "	27,155,824	} 9,100,000
	July to December "	26,618,213	
1816	January to June "	26,463,283	} 9,100,000
	July to December "	26,681,398	
1817	January to June "	27,339,768	} 8,000,000
	July to December "	29,210,035	
1818	January to June "	27,954,558	} 7,500,000
	July to December "	26,487,659	
1819	January to June "	25,593,223	} 7,300,000
	July to December "	24,697,407	
1820	January to June "	23,923,315	} 7,000,000
	July to December "	23,192,301	
1821	January to June "	23,522,693	} 6,500,000
	July to December "	19,632,664	
1822	January to June "	17,953,075	} 1,500,000
	July to December "	17,772,717	
1823	Average.....	18,500,000	—
1824	"	20,100,000	—
1825	" in the Spring	21,000,000	—
	in the Autumn	18,000,000	—

The returns since 1825 have not been made to Parliament; but it is known that the issues rather increased in 1826; and that the amount of Bank of England Notes out in March, 1827, was £21,000,000, of which the Notes under £5 amounted to about £700,000.

(B.)—No. 2.

An Account of the Bank Notes in Circulation on the 1st and 15th 1819, inclusive, shewing the Amount of Small Notes in

	Notes under the value of £5	Notes of the value of £5.	Notes of the value of £10.	Exceeding £10 & not exceeding £20.	Exceeding £20 & not exceeding £30.	Exceeding £30 & not exceeding £50.
1818:	£	£	£	£	£	£
June 1.....	7,269,150	3,130,790	3,814,700	1,873,080	660,100	1,930,390
— 15.....	7,238,910	3,114,260	3,799,030	1,841,970	641,190	1,899,170
July 1.....	7,306,380	3,141,680	3,816,090	1,861,400	649,750	1,885,590
— 15.....	7,511,300	3,245,350	3,976,140	1,965,530	678,650	2,008,340
August 1...	7,677,100	3,286,700	4,006,820	1,951,910	671,450	1,976,320
— 15...	7,587,810	3,240,270	3,960,320	1,916,000	660,180	1,930,190
Sept. 1.....	7,498,490	3,164,190	3,842,250	1,856,070	631,400	1,844,440
— 15.....	7,413,840	3,112,580	3,766,410	1,819,210	622,730	1,789,580
October 1..	7,407,650	3,077,850	3,744,080	1,815,800	621,200	1,771,820
— 15..	7,540,890	3,103,360	3,771,600	1,850,080	632,410	1,813,940
Novr. 1.....	7,613,780	3,120,860	3,802,720	1,832,100	619,430	1,805,340
— 15.....	7,492,330	3,055,390	3,727,230	1,816,840	617,630	1,783,460
Dec. 1.....	7,383,930	3,011,270	3,651,920	1,758,100	609,950	1,741,990
— 15.....	7,269,120	2,951,630	3,582,710	1,716,640	594,590	1,694,370
1819:						
January 1..	7,346,860	2,946,680	3,542,520	1,686,680	591,090	1,650,090
— 15..	7,559,400	3,072,430	3,722,110	1,819,400	626,400	1,806,830
February 1	7,583,140	3,109,640	3,744,830	1,838,850	631,970	1,832,130
— 15	7,419,440	3,053,920	3,678,930	1,797,110	610,030	1,771,660
March 1...	7,327,310	3,003,960	3,588,780	1,749,730	597,930	1,729,960
— 15...	7,266,300	2,976,020	3,527,510	1,705,300	586,590	1,680,350
April 1.....	7,168,960	2,977,810	3,513,640	1,711,150	593,470	1,679,340
— 15.....	7,301,190	3,054,230	3,611,870	1,764,870	609,020	1,742,850
May 1.....	7,307,850	3,058,000	3,597,330	1,744,400	594,510	1,725,280
— 15.....	7,289,850	3,064,330	3,586,440	1,728,470	594,330	1,685,560

From 1820 to 1824 inclusive, the amount of all the Bank of England Notes quently as low as sixteen to eighteen million pounds; the quantity of Notes

days of each month, from the 1st of June, 1818, to the 15th May, circulation.

Exceeding £50 & not exceeding £100.	Exceeding £100 and not exceed- ing £200.	Exceeding £200 and not exceed- ing £300.	Exceeding £300 and not exceed- ing £500.	Exceeding £500 & not exceeding £1000.	Exceeding £1000.	Bank Post Bills.	Aggregate Amount.
£	£	£	£	£	£	£	£
1,452,420	573,590	492,720	500,400	3,262,460	"	1,657,020	26,616,820
1,395,920	546,190	460,620	494,900	2,974,140	"	1,579,150	25,985,450
1,388,520	522,790	445,920	468,900	3,260,080	"	1,541,900	26,283,000
1,467,920	560,920	528,420	536,900	5,939,090	"	1,672,840	30,091,400
1,421,820	532,390	436,620	450,900	2,847,720	"	1,748,120	27,007,870
1,368,420	516,790	441,120	440,400	2,847,290	"	1,695,090	26,603,880
1,291,840	494,190	423,720	423,400	3,162,850	"	1,630,910	26,263,750
1,275,920	491,590	440,820	435,900	2,906,846	"	1,633,230	25,708,650
1,285,520	479,990	438,120	489,400	3,569,350	"	1,579,550	26,280,330
1,338,620	515,590	505,320	510,900	5,118,300	"	1,627,330	28,328,390
1,348,120	501,590	476,220	450,900	3,377,600	"	1,673,110	26,626,770
1,322,920	510,190	477,120	458,900	3,163,160	"	1,600,830	26,026,500
1,290,720	512,790	490,920	458,900	4,203,660	"	1,564,880	26,679,030
1,237,220	459,390	424,020	424,400	3,777,730	"	1,529,750	25,661,570
1,207,720	501,390	487,020	499,900	4,010,720	"	1,484,170	25,956,840
1,322,420	535,590	511,020	499,900	4,149,480	"	1,630,130	27,255,110
1,319,420	504,790	456,120	424,900	2,602,340	"	1,743,940	25,792,070
1,271,320	479,590	421,620	433,900	2,830,070	"	1,690,830	25,458,420
1,241,820	477,590	390,420	389,400	2,886,580	"	1,607,890	24,991,370
1,169,920	434,790	374,520	361,400	2,811,300	"	1,594,610	24,488,610
1,187,520	461,390	439,320	449,400	3,308,820	"	1,577,560	25,068,380
1,239,220	495,390	454,020	501,900	4,782,060	"	1,606,180	27,162,800
1,219,220	491,990	442,620	456,900	3,961,720	"	1,578,220	26,178,040
1,189,920	462,990	404,220	459,900	3,801,350	"	1,534,070	25,801,430

in circulation was only from eighteen to twenty million pounds, and it was fre-
under £5 was in the same period reduced from seven millions to £700,000.

(B.)—No. 3.

An Account of the Number of Bank Notes and Bank Post Bills,
of each denomination, issued in the year 1792.

Notes of	Number.	Amount.
£		£
1,000	40,000	40,000,000
500	12,200	6,100,000
300	19,350	5,805,000
200	23,800	4,760,000
100	51,850	5,185,000
50	56,750	2,837,500
40	34,800	1,392,000
30	40,550	1,216,500
25	34,700	867,500
20	133,900	2,678,000
15	52,300	784,500
10	319,100	3,191,000
No. 819,300		£74,817,000

A Calculation, as far as it can be made out, with a view to ascertain
the number of days that a Bank Note of each denomination re-
mained in Circulation in the year 1792.

A Bank Note of.....	£10.....	236 days.
"	15.....	114 "
"	20.....	209 "
"	25.....	74 "
"	30.....	95 "
"	40.....	65 "
"	50.....	124 "
"	100.....	84 "
"	200.....	31 "
"	300.....	24 "
"	500.....	24 "
"	1000.....	22 "

(B.)—No. 3 continued.

An Account of the Number of Bank Notes and Bank Post Bills, of each denomination, issued in the year 1818.

	Number.	Amount.
£		£
Upwards of...1000.....	333	uncertain.
Of.....1000.....	112,040	112,040,000
500.....	32,116	16,058,000
400.....	531	212,400
300.....	48,802	14,640,600
200.....	65,054	13,010,800
100.....	131,016	13,101,600
90.....	877	78,630
80.....	1,624	129,920
70.....	1,651	115,570
60.....	2,540	152,400
50.....	184,885	9,244,250
40.....	99,747	3,989,880
30.....	123,893	3,716,790
25.....	63,957	1,598,925
20.....	303,574	6,071,480
15.....	68,903	1,013,545
10.....	1,998,314	10,098,314
5.....	1,577,644	7,888,220
2.....	996,019	1,992,038
1.....	17,297,571	17,297,571
£2..... Re-issued.....	No. 22,211,091	£232,450,933
£1..... Do.	174,000	348,000
	3,286,000	3,286,000
	No. 25,671,091	£236,084,933

A Calculation, as far as it can be made out, with a view to ascertain the number of days that a Bank Note, of each denomination, remained in Circulation in the year 1818.

A Bank Note of.....	£1.....remains	147 days ×	£1 = 147
" 2.....	" 147	" 2	294
" 5.....	" 148	" 5	740
" 10.....	" 137	" 10	1370
" 15.....	" 66	" 15	990
" 20.....	" 121	" 20	2420
" 25.....	" 43	" 25	1075
" 30.....	" 55	" 30	1650
" 40.....	" 38	" 40	1520
" 50.....	" 72	" 50	3600
" 100.....	" 49	" 100	4900
" 200.....	" 18	" 200	3600
" 300.....	" 14	" 300	4200
" 500.....	" 14	" 500	7,000
" 1000.....	" 13	" 1000	13,000
			Average.
			2298)46,506(22 days.

(B.)—No. 4.

An Account of the amount of Bankers' Notes circulating in Scotland, shewing the highest and lowest amount in the years 1815, 1821, 1823, 1824 and 1825; and also of the amount in Circulation at the latest period in 1826, to which the account can be made up; distinguishing the amount of Notes under £5 from those of £5 and upwards.

	1815.		
	£5 and Upwards.	Under £5.	Total.
Highest Amount, B.....	749,093 *616,905	1,198,490 *987,008	1,947,583 1,603,913
Totals.....	1,365,998	2,185,496	3,551,496
Lowest Amount, B.....	509,361 *398,945	1,047,717 *820,607	1,557,078 1,219,552
Totals.....	908,306	1,868,324	2,776,630

	1821.		
	£5 and Upwards.	Under £5.	Total.
Highest Amount, B.....	527,310 *582,225	1,074,818 *860,406	1,302,128 1,442,631
Totals.....	1,309,535	1,935,224	3,244,759
Lowest Amount, B.....	546,908 *416,235	907,009 *690,293	1,453,917 1,106,528
Totals.....	963,143	1,597,302	2,560,445

	1823.		
	£5 and Upwards.	Under £5.	Total.
Highest Amount, B.....	781,865 *614,525	1,156,583 *909,039	1,938,448 1,523,564
Totals.....	1,396,390	2,065,622	3,462,012
Lowest Amount, B.....	571,390 *435,215	968,754 *737,877	1,540,144 1,173,092
Totals.....	1,006,605	1,706,631	2,713,236

(B.)—No. 4 continued.

		1824.			1825.		
		£5 and Upwards.	Under £5.	Total.	£5 and Upwards.	Under £5.	Total.
Highest } Amount	B.	969,751	1,309,036	2,278,787	1,118,896	1,572,828	2,691,724
		*731,445	*987,456	1,718,901	*827,825	*1,163,663	1,991,488
Totals...		1,701,196	2,296,492	3,997,688	1,946,721	2,736,491	4,683,212
Lowest } Amount	B.	626,120	1,018,999	1,645,119	752,461	1,200,025	1,952,486
		*469,070	*745,826	1,214,896	*570,990	910,623	1,481,613
Totals...		1,095,190	1,764,825	2,860,015	1,323,451	2,110,648	3,434,099

Amount of Notes at present in Circulation.

	£5 and Upwards.	Under £5.	Total.
Amount of Banks which have made the Return.....	1,034,013	1,748,163	2,782,176
	*91,730	*155,089	246,819
	1,125,743	1,903,252	3,028,995
Three of the Banks who have made Returns have omitted to state the Amount of their present Circulation. The Amount of their Aggregate Circulation, during 1825, was			
At the highest.....	311,646		
At the lowest.....	248,441		
The Average of these two sums is therefore taken as the probable Amount of their present Circulation.....	*164,095	*175,992	260,087
Probable Amount at present in Circulation	1,229,838	2,079,244	3,309,082
Two of the Banking Companies in Scotland have made no Return whatever.			

B.—The Banks have not all returned their circulation, *distinguishing the Notes under and above £5*. Where that distinction has not been made, the proportions have been estimated by a computation framed upon those which have been returned by the Banks who did make the distinction, and the result is stated in *red ink*.—[Where the red ink occurs we have prefixed an asterism.*]

(C.)—No. 1.

Country Bankers' Notes.—An Account shewing the Number and each quarter of a year, from 5th January, 1820, to 5th January, the same period in Great Britain.

Quarter	Not exceeding £1 ls.— (Stamp 5d)		Exceeding 1l ls & not exceeding 2l 2s. (Stamp 10d)		Exceeding 2l 2s & not exceeding 5l 5s. (Stamp 1s3d)		Exceeding 5l 5s & not exceeding 10l. (Stamp 1s9d)	
	No.	Value at 1l	No.	Value at 2l	No.	Value at 5l	No.	Value at 10l
Ended 5th April, 1820.....	323496	323496	4500	9000	51606	258030	13787	13780
5th July.....	346152	346152	5500	11000	52223	261115	81598	115980
10th October.	508395	508395	4700	9400	51038	255190	13294	132940
5th January, 1821.	505781	505781	7481	14962	48806	244030	10601	106010
5th April, "	469670	469670	7010	14020	58721	293605	13882	138820
5th July, "	433372	433372	7210	14420	58168	290840	11739	117390
10th October, "	622464	622464	3960	7920	66060	330300	11203	112030
5th January, 1822.	689117	689117	2000	4000	71890	359450	14402	144020
5th April, "	318784	318784	3000	6000	63446	317230	20684	206840
5th July, "	330535	330535	2500	5000	40907	204535	9180	91800
10th October "	623880	623880	"	"	74740	373700	15768	157680
5th January, 1823.	615760	615760	6200	12400	88120	440600	19400	194000
5th April, "	400877	400877	1800	3600	67105	335525	17241	172410
5th July, "	442078	442078	6811	13622	66161	330805	16624	166240
10th October, "	607107	607107	2500	5000	66027	330135	17187	171870
5th January, 1824.	519696	519696	13999	27998	73891	369455	23180	231800
5th April, "	571041	571041	4000	8000	122583	612915	41854	418540
5th July, "	557885	557885	1000	2000	88502	442510	25182	251820
10th October "	745582	745582	2300	4600	101809	509045	23499	234990
5th January, 1825.	627341	627341	14200	28400	129218	646090	40661	406610
5th April, "	698304	698304	5000	10000	126768	633840	53759	537590
5th July, "	782172	782172	18511	37022	166567	832835	40123	401230
10th October, "	971844	971844	6000	12000	152316	761580	28400	284000
5th January, 1826.	720157	720157	10000	20000	112295	561475	35951	359510

(C.)—No. 2.

COUNTRY BANK NOTE CIRCULATION.

The Amount in Value of Bank Notes for which Stamps were issued from the Stamp-office to Country Bankers in the under-mentioned years.

1810.....	£10517519
1811.....	8792433
1812.....	10577134
1813.....	12615509
1814.....	10773375
1815...	7624949
1816.....	6423466
1817.....	9075958
1818.....	12316868
1819.....	5640313
1820.....	3574894
1821.....	4587582
1822.....	4317341
1823.....	4457589
1824.....	6793367
1825.....	8756145

[From Returns furnished to Parliament.]

(C.)—No. 3.

The Average Circulation of the Country Banks in the under-mentioned years, obtained by adding the Value of Notes for which Stamps were issued to Country Bankers for three years together.

Previously to 1815 Notes were not re-issuable by law after they had run three years ; but in that year the limitation to three years was done away,—it having been calculated that bank notes would not last longer than three years upon the average.

1812.....	£29887086
1813.....	31989176
1814.....	33966018
1815.....	31013833
1816.....	24821790
1817.....	23124373
1818.....	27816292
1819.....	27033139
1820.....	21532075
1821.....	13802739
1822.....	12479817
1823.....	13362512
1824.....	15568297
1825.....	20005771

(C.)—No. 4.

Amount of the different kinds of Notes for which Stamps were issued to Country Bankers in 1817.

One Pound Notes.....	£2953920
Two "	99948
Five "	30861 0
Ten "	2043540
Twenty "	728580
Thirty "	13230
Fifty "	12750
One Hundred	137100
	9075958

[Lords' Report in 1819, on Bank resuming Cash Payments.]

(D.)—No. 1.

TRADE OF THE UNITED KINGDOM.

An Account of the Value of all Imports into, and of all Exports from, the United Kingdom of Great Britain and Ireland (exclusive of the Trade between Great Britain and Ireland reciprocally.)

Years Ending 5th January.	Value of Imports into the United Kingdom, calculated at the Official Rates of Valuation.	Value of Exports from the United Kingdom, Calculated at the Official Rates of Valuation.			Value of the Produce and Manufactures of the United Kingdom, Exported therefrom, according to the Real and Declared Value thereof.
		Produce and Manufactures of the United Kingdom.	Foreign and Colonial Merchandize.	Total Exports.	
	£ s d	£ s d	£ s d	£ s d	£ s d
1824	35798707 5 0	43804372 18 1	8603904 9 1	52408277 7 2	35458048 13 6
1825	37552935 7 1	48735551 2 5	10204785 6 4	58940336 8 9	38396300 17 3
1826	44137482 6 0	47166020 2 11	9169494 8 3	56335514 11 2	38877888 7 6

TRADE OF GREAT BRITAIN.

An Account of the Value, as calculated at the Official Rates, of all Imports into, and of all Exports from, Great Britain, shewing the Trade with Foreign Parts separately from the Trade with Ireland.

Years Ending 5th January.	Value of Imports into Gt. Britain, calculated at the Official Rates of Valuation.	Value of Exports from Great Britain, calculated at the Official Rates of Valuation.			Value of the Produce and Manufactures of the United Kingdom, Exported from Gt Britain, according to the Real and Declared Value thereof.
		Produce and Manufactures of the United Kingdom.	Foreign and Colonial Merchandize.	Total Exports.	
	£ s d	£ s d	£ s d	£ s d	£ s d
1824	34591264 9 0	43144466 1 6	8588995 18 0	51733461 19 6	34691124 8 10
1825	36146448 0 0	48036036 11 4	10188596 9 2	58218633 0 6	37573918 0 0
1826	42589678 4 2	46168281 7 2	9155305 5 0	55623586 12 2	38083773 4 7

(D.)—No. 1, continued.

TRADE OF GREAT BRITAIN WITH IRELAND.

Years Ending 5th January.	Value of Imports into Gt. Britain, calculated at the Official Rates of Valuation.	Value of Exports from Great Britain, calculated at the Official Rates of Valuation.			Value of the Produce and Manufactures of the United Kingdom, Exported from Gt Britain, according to the Real and Declared Value thereof.
		Produce and Manufactures of the United Kingdom.	Foreign and Colonial Merchandize.	Total Exports.	
	£ s d	£ s d	£ s d	£ s d	£ s d
1824.....	5821036 1 11	3141825 11 0	1359376 6 5	4501201 17 5	3488591 0 8
1825.....	5591161 5 0	3688570 6 4	1318069 0 8	5006639 7 0	4261113 11 10
1826.....	6544573 5 9	3837336 11 7	1437708 17 10	5275045 9 5	4962751 8 10

TRADE OF GREAT BRITAIN WITH ALL PARTS.

Years Ending 5th January.	Value of Imports into Gt. Britain, calculated at the Official Rates of Valuation.	Value of Exports from Great Britain, calculated at the Official Rates of Valuation.			Value of the Produce and Manufactures of the United Kingdom, exported from Gt Britain, according to the Real and Declared Value thereof.
		Produce and Manufactures of the United Kingdom.	Foreign and Colonial Merchandize.	Total Exports.	
	£ s d	£ s d	£ s d	£ s d	£ s d
1824.....	40412300 10 11	46286291 12 6	9948372 4 5	56234663 16 11	38179715 9 6
1825.....	41737609 5 0	51718606 17 8	11506665 9 10	63225272 7 6	41885031 11 10
1826.....	49134251 9 11	50305617 18 9	10593014 2 10	60898632 1 7	43046524 13 5

(D.)—No. 2.

Value of Imports to Great Britain, from all parts except Ireland,
at the *Official Rates* of Valuation.

Species of Imports.	Years Ending 5th January,								
	1824.			1825.			1826.		
	£	s	d	£	s	d	£	s	d
Almonds of all Sorts.....	14192	1	9	24579	5	1	15566	14	9
Annotto.....	7381	17	0	* 13663	4	0	25578	2	6
Ashes, Pearl and Pot.....	380004	12	8	347315	15	0	313958	10	1
Barilla and Alkali.....	202630	4	10	70501	6	0	65910	1	11
Bark, Oak and Cork Tree...	218140	11	5	199574	2	11	198649	8	2
— Quercitron.....	5176	2	1	8411	15	10	7454	9	10
Borax.....	81164	18	6	154748	0	0	6758	17	0
Brimstone.....	75427	1	3	82070	3	11	100193	5	0
Bristles, Undressed.....	32051	19	6	31639	9	11	37745	8	1
Butter.....	168900	11	6	222767	14	6	398080	18	11
Camphire.....	4989	0	3	17678	16	3	4046	13	6
Cassia Lignea.....	20779	19	0	47939	2	0	39674	6	10
Cheese.....	138535	12	6	235436	16	4	331660	19	2
Cinnamon.....	180159	16	0	76211	6	9	85128	14	0
Cloves.....	50035	7	6	96853	0	11	23038	5	0
Cochineal and Granilla.....	315615	2	0	179167	10	0	242738	3	6
Cocoa.....	32019	4	0	61540	9	7	67905	2	9
Coffee.....	2754861	9	3	3108605	13	3	3237980	1	3
Copper, unwrought, in bricks and pigs.....	160185	13	7	9749	10	9	46743	15	0
Cork.....	33726	18	3	36673	14	10	41837	4	7
Corn, Grain, Meal and Flour	41000	5	3	456290	7	4	1128341	10	7
Cortex Peruvianus.....	10862	8	1	24819	7	6	35794	10	0
Cotton Manufactures of In- dia.....	336515	2	4	494098	12	6	371994	13	2
Cotton Manufactures of Eu- rope, &c.....	5929	13	4	40595	8	10	35287	12	2
Currants.....	103411	3	1	134305	4	10	131803	6	1
Dye and Hardwoods, Fustic	45832	16	5	41831	8	7	51835	0	6
— Logwood	175098	17	1	219011	0	1	245112	6	6
— Mahogany	116744	10	11	172553	14	9	113085	18	9
Elephants' Teeth.....	19568	11	4	32275	17	0	36202	3	7
Figs.....	9451	10	3	14278	8	7	14741	14	2
Fish, Cod, &c. of New- foundland.....	15134	3	3	45939	17	10	62184	17	4
Flax.....	1082553	17	10	1455709	10	11	2078844	9	8
Gum, Animi and Copal.....	26667	5	0	43866	11	10	29890	11	0
— Arabic.....	41164	3	1	53350	10	4	49663	12	6
— Lac, of all Sorts.....	34125	11	0	47434	1	3	48577	17	8
— Senegal.....	6722	7	7	24218	7	2	27916	5	11
Hemp, Undressed.....	542845	1	1	464980	12	0	491924	19	3
Hides, Raw and Tanned....	675628	4	5	888982	15	5	876362	16	2
Jalap.....	5853	10	0	3832	0	0	7330	12	6
Indigo.....	957208	10	8	667706	19	11	895959	10	9
Iron in Bars.....	131272	3	7	139100	16	10	226326	11	4
Isinglass.....	21187	12	11	14731	10	4	19522	4	9
Juniper Berries.....	24183	0	5	9728	2	10	7256	9	8
Lead, Pig.....	5564	12	4	10682	8	11	92459	3	0
Lemons and Oranges.....	57589	15	0	54796	13	3	56036	2	6
Linens, Foreign.....	24039	6	5	23309	13	11	34827	14	5
Liquorice Juice.....	34999	0	2	32578	2	2	9645	5	0
Mace.....	2983	2	6	17961	17	6	45227	13	1
Madder and Madder Roots..	475053	6	2	629893	17	0	572316	8	6
Melasses.....	126341	19	5	158590	8	5	236116	7	4
Nutmegs.....	299	112	0	16687	12	9	36694	2	0

(D.)—No. 2 continued.

Species of Imports.	Years ending 5th January,								
	1824.			1825.			1826.		
	£	s	d	£	s	d	£	s	d
Oil, Castor.....	10689	0	9	36592	19	6	25734	17	8
— of Olives.....	114808	12	6	115705	10	10	210564	1	3
— Palm	66493	9	0	74409	18	5	85411	4	1
— Train and Blubber.....	541637	7	1	425246	6	9	314952	9	7
Pepper.....	100213	14	4	146713	7	8	92013	5	10
Pimento	63328	11	9	65914	8	6	40223	13	6
Pitch and Tar.....	122091	10	2	127523	6	8	91322	18	5
Quicksilver	78	12	0	110177	2	0	330096	12	0
Rags for Paper	32756	8	4	33050	0	2	41355	0	7
Raisins.....	136393	10	5	112561	17	2	121631	18	10
Rhubarb ..	36388	2	6	35435	4	4	33046	5	0
Rice	94085	2	6	129532	2	1	61283	19	6
Saltpetre	98476	3	1	96935	17	10	58582	4	3
Seeds, Clover	18082	14	5	56453	19	11	87174	18	11
— Flax and Linseed ...	169605	16	10	212283	19	5	296419	11	1
— Rape	16992	4	5	74563	9	5	61078	14	4
Shumac	30977	9	2	40751	8	0	30534	11	9
Silk, Raw	1067265	0	4	1464993	17	6	1410769	15	0
— Thrown	431569	19	0	401582	11	4	923245	7	6
— Manufactures of India	103595	12	1	119621	3	6	124216	9	4
Skins and Furs	259638	11	5	272279	5	1	336109	6	6
Smalts	9950	16	2	7983	13	9	10770	11	2
Spelter.....	256831	14	10	459932	17	1	577792	13	1
Spirits, Brandy	349613	12	8	296355	12	7	246709	15	0
— Geneva	19367	2	9	30158	15	1	30869	6	3
— Rum	428298	3	8	419675	17	1	342393	2	2
Sugar, Raw.....	5477419	6	2	5733021	3	10	5955655	6	3
Tallow.....	849549	15	9	704000	3	11	1180205	5	11
Tea	2904688	14	0	3168198	15	0	2934671	15	0
Timber, Deals and Deal									
Ends	59912	3	9	80578	16	1	105250	3	11
— Masts and Spars..	94743	18	9	109574	8	8	142483	15	11
— Staves.....	45161	8	4	46959	9	0	49382	11	7
— Timber, Fir	376777	11	10	413996	7	2	503735	16	11
— — and Plank									
Oak	32682	7	0	44536	5	0	75621	13	9
— of other Sorts.....	62936	13	5	72234	10	4	101684	13	4
Tobacco	328321	12	3	200738	8	9	371575	15	11
Turpentine, Common	141520	19	7	186108	18	6	140485	19	3
Wax, Bees'	33713	5	3	21561	1	0	27937	1	4
Whalefins	153140	9	1	87346	7	9	66617	18	7
Wines	748150	16	11	724807	11	3	1178930	5	6
Wool, Cotton	6241561	1	8	4864788	7	1	7404444	17	4
— Sheep's.....	678523	17	1	762734	17	2	1436830	12	9
Woollen Manufactures (in-									
cluding Carpets).....	26060	14	10	71618	8	6	62943	4	0
Yarn, Linen, Raw	317242	9	1	336374	8	2	326130	2	6
All other Articles	1403836	16	4	1691466	2	2	2025406	15	2
Total Official Value of Im-									
ports into Great Britain	34591264	9	0	36146448	0	0	42583078	4	2
from all Parts (except									
Ireland)									

(D.)—No. 2. continued.

Value of the Produce and Manufactures of the United Kingdom, exported from Great Britain to all Parts, (except Ireland) calculated at the *Official Rates* of Valuation.

Species of Exports.	Years ending 5th January,								
	1824.			1825.			1826.		
	£	s	d	£	s	d	£	s	d
Alum	7585	1	3	7302	16	2	4089	1	4
Apparel, Slops & Neg. Cng.	397449	5	3	435848	6	5	457097	14	10
Arms and Ammunition	213422	4	2	311715	15	1	375182	3	1
Bacon and Hams	28838	9	10	29230	1	10	22137	1	1
Beef and Pork, salted	97534	7	6	97030	0	7	73486	8	1
Beer and Ale	65956	16	4	48136	10	1	49343	8	5
Books, printed	33982	7	6	32094	11	11	30352	19	2
Brass & Copper Manufacts.	557414	4	2	540212	19	8	405249	8	8
Bread and Biscuit	57701	12	3	33659	17	3	12960	15	9
Butter and Cheese	64877	1	2	56423	9	5	62677	9	4
Cabinet & Upholstery Ware	71187	0	0	71318	5	10	74644	2	0
Coals and Culm	216683	17	10	235778	2	10	265864	0	10
Cordage	74002	4	10	98444	5	10	100727	12	4
Corn, Grain, Meal and Flour	29573	5	2	14692	5	9	11698	16	9
Cotton Manufactures	24117548	18	9	27170107	19	11	26598872	9	0
— Yarn	2425418	19	6	2984329	10	1	2897705	17	8
Earthenware of all sorts	92003	13	8	93128	0	9	95184	14	0
Fish of all sorts	262273	14	2	195527	9	6	178430	9	9
Glass of all sorts	143822	8	1	131325	12	9	128768	2	3
Haberdashery and Millinery	21226	14	0	26281	14	1	30511	12	9
Hardwares and Cutlery	527227	6	6	604045	10	8	629957	17	10
Hats, Beaver and Felt ..	205320	15	3	189456	18	6	215090	2	1
— of all other sorts	13179	1	6	12614	19	8	21413	13	2
Hops ..	21557	2	3	3122	2	2	1867	14	6
Horses	17327	16	0	17502	10	0	15542	10	0
Iron & Steel, wright & unwrt	1203872	6	0	1125626	9	3	1106576	4	7
Lead and Shot	117446	12	10	116396	19	10	90259	19	2
Leather, wrought & unwrt.	126979	16	6	142442	3	2	133160	10	5
Do. Saddlery and Harness.	88230	7	6	110933	19	2	107782	10	11
Linen Manufactures	2654098	3	1	3283402	17	0	2709766	18	10
Machinery and Mill-work...	157845	12	10	129643	14	6	212376	19	1
Mathemat. and Opt. Insts...	19040	12	0	24834	16	11	31328	6	2
Musical Instruments	48408	11	0	62471	12	10	68170	13	7
Oil, Train, Greenld. Fishery	29564	8	1	11297	2	7	8454	14	0
Painters' Colours	134328	8	1	134932	19	10	129307	10	5
Plate, Plated ware, Jewellery and Watches	203806	14	5	197737	4	6	220320	15	7
Salt	269392	12	6	229100	12	8	277992	0	6
Saltpetre, British refined ...	75431	19	2	59030	1	1	51493	5	6
Seeds, of all sorts	7401	1	8	7162	9	4	6077	19	2
Silk Manufactures	140320	15	4	159647	10	6	150834	6	6
Soap and Candles	167523	15	2	153104	19	0	177076	16	5
Stationery, of all sorts	150916	5	7	164907	15	5	181151	10	2
Sugar, refined	1125766	19	6	1058811	7	10	895778	4	4
Tin, unwrought	94659	8	3	131482	11	8	119518	1	6
Tin and Pewter Wares, and Tin Plates	229128	11	9	253656	8	11	205527	12	1
Tobacco and Snuff, British Manufactured	1559	2	11	2506	18	6	1628	12	11
Umbrellas and Parasols	34409	13	0	44334	14	4	35620	15	3
Whalebone	15227	7	3	30992	9	1	13744	2	1
Woollen Manufactures	5539788	13	11	6150937	2	1	5925574	1	1
All other Articles	745684	2	3	805161	14	7	849962	6	3
Total Official Value of the Produce and Manufactures of the United Kingdom, exported from Great Britain to all Parts (except Ireland)	43144466	1	6	48030036	11	4	46468281	7	2

(D).—No. 2 continued.

Value of Foreign and Colonial Merchandise exported from Great Britain to all Parts except Ireland, calculated at the *Official Rates of Valuation*.

Species of Exports.	Years Ending 5th January,								
	1824.			1825.			1826.		
	£	s	d	£	s	d	£	s	d
Annotto.....	2317	17	6	2697	2	4	3309	5	0
Ashes, Pearl and Pot.....	13699	18	6	41360	12	10	36129	6	7
Barilla and Alkali.....	823	8	4	1894	8	11	5360	1	1
Cassia Lignea.....	26055	6	0	55965	2	0	27806	6	0
Cinnamon.....	104588	15	0	146231	0	0	100106	7	6
Cloves.....	28909	2	6	69821	12	6	3219	15	0
Cochineal and Granilla.....	62256	7	6	163170	7	0	106844	17	9
Cocoa.....	26792	5	1	28502	0	9	55293	19	8
Coffee.....	1871042	3	6	2463909	12	9	1708621	5	3
Copper, unwr. bricks & pigs.	128882	8	1	160104	9	3	29935	10	4
Corn, Grain, Meal & Flour.	257957	12	6	110735	4	8	77257	9	1
Cortex Peruvianus.....	7519	7	0	15450	7	6	22878	16	6
Cotton, Manufacts. of India	780206	19	7	777767	17	5	818634	10	10
Do. of Europe, &c.....	1146	14	4	26972	13	6	29915	4	7
Currants.....	15238	8	7	28751	18	3	3542	14	9
Dyewoods, Fustic.....	2353	15	1	6433	0	9	9641	13	11
Logwood.....	121144	5	10	80011	16	7	95798	0	5
Fish, Cod, &c. Newfoundld.	14886	5	0	35887	17	10	48847	16	1
Flax, Rough.....	21007	9	8	24632	18	1	16087	19	6
Hemp, Rough.....	9221	6	2	10014	10	2	3871	1	0
Hides, Raw and Tanned.....	71072	3	0	148544	14	3	136202	6	7
Indigo.....	533771	8	8	535925	18	0	741953	8	6
Iron in Bars.....	37823	9	0	45841	18	6	87724	8	6
Lead, Pig.....	4477	5	1	11242	13	9	54823	7	2
Linens, Foreign.....	2586	5	9	2575	1	7	2459	15	0
Mace.....	33429	11	0	31227	9	0	15261	15	0
Nutmegs.....	32197	15	0	32885	2	6	11566	2	0
Oil of Olives.....	39207	13	1	11336	4	8	15855	9	5
— Train.....	8417	10	9	5425	3	7	1080	11	5
Pepper.....	279553	13	8	158348	6	10	160165	11	0
Pimento.....	53826	11	8	67416	17	2	39616	6	2
Raisins.....	4977	12	11	11851	0	0	39494	17	4
Rice.....	78596	1	1	92617	3	10	52895	5	10
Saltpetre, Rough.....	69640	19	5	113350	7	10	113254	5	10
Silk, Raw and Thrown.....	13800	17	0	3705	5	0	139400	8	6
— Manufactures of India...	249735	16	11	235407	9	6	144538	19	6
Skins and Furs.....	32824	8	0	59513	19	10	43412	11	0
Spelter.....	243397	12	8	403400	0	5	305614	12	10
Spirits, Brandy.....	171269	10	5	186340	5	3	175326	5	4
— Geneva.....	60489	6	0	94429	12	3	85739	7	9
— Rum.....	551466	17	0	573397	17	6	438075	12	0
Sugar, Raw.....	728183	16	11	917670	8	10	605751	12	11
Tea.....	74991	18	0	93898	13	0	67531	7	0
Tobacco.....	197431	5	7	159116	18	8	54848	4	3
Wines.....	14885	9	6	202952	9	11	190334	0	10
Wool, Cotton.....	707311	18	10	903938	5	0	1160201	10	8
— Sheep's.....	12618	3	4	29013	2	4	46662	2	7
Woollen Manufactures (in-									
cluding Carpets).....	3900	18	7	64871	2	6	46562	18	10
All other Articles.....	642060	3	5	742038	4	7	95950	0	5
Total Official Value of Fo-									
reign and Colonial Mer-									
chandise exported from									
Great Britain to all									
Parts (except Ireland) }	8588995	18	0	10188596	9	2	9155305	5	0

(D.)—No. 2 continued.

Value of the Produce and Manufactures of the United Kingdom, exported from Great Britain to all Parts, (except Ireland) according to the Real and Declared Value thereof.

Species of Exports.	Years Ending 5th January,								
	1824.			1825.			1826.		
	£	s	d	£	s	d	£	s	d
Alum	4789	9	0	4190	12	4	2891	17	5
Apparel, Slops, & Neg. Clog.	397449	5	3	435848	6	5	457097	14	10
Arms and Ammunition.....	273282	11	9	354171	13	3	526217	0	0
Bacon and Hams.....	28839	0	10	28013	2	3	27064	19	8
Beef and Pork, salted.....	125143	0	3	158624	5	10	136591	11	5
Beer and Ale.....	238519	10	10	177808	17	2	184312	6	6
Books, Printed.....	121304	12	0	121293	0	11	135088	1	9
Brass & Copper Manufacts.	543618	3	5	524489	8	0	484410	4	1
Bread and Biscuit.....	63225	0	1	42859	5	3	17243	9	6
Butter and Cheese.....	152788	13	1	141978	6	7	189799	13	9
Cabinet & Upholstery wares.	71187	0	0	71318	5	10	74644	2	0
Coals and Culm.....	100594	6	2	114083	9	6	132813	6	4
Cordage.....	145185	13	3	183463	15	7	205489	10	10
Corn, Grain, Meal & Flour.	62800	1	4	40099	17	2	35667	5	8
Cotton Manufactures.....	13751414	14	11	15240006	2	7	15034138	15	10
— Yarn.....	2625946	14	4	3135496	8	7	3206729	4	9
Earthenware, of all sorts....	398438	10	10	399548	11	10	384919	10	3
Fish, of all sorts.....	237085	4	5	170367	10	9	202280	0	4
Glass, of all sorts.....	604038	12	8	546225	16	8	592563	4	2
Haberdashery and Millinery	272619	0	10	356317	8	11	399558	3	1
Hardware and Cutlery.....	1074684	9	10	1202865	0	8	1392293	4	4
Hats, Beaver and Felt.....	224531	14	7	228852	18	3	264769	12	6
— of all other sorts.....	19417	11	0	19339	14	10	29022	14	4
Hops.....	12453	17	6	4834	15	0	3439	16	0
Horses.....	65131	7	0	69194	18	6	72094	1	0
Iron & Steel, wright & unwrt	878918	6	9	851113	0	11	1048210	15	5
Lead and Shot.....	247384	6	0	238428	1	10	215006	3	0
Leather, wrought and unwrt	301022	8	2	323749	8	0	332544	8	7
Do. Saddlery and Harness.	88230	7	6	110833	19	2	107782	10	11
Linen Manufactures.....	2095574	7	10	2442439	18	9	2130755	18	11
Machinery & Mill Work....	157845	12	10	129643	14	6	212376	19	1
Mathemat. & Opt. Insts....	19040	12	0	24834	16	11	31328	6	2
Musical Instruments.....	48408	11	0	62471	12	10	68170	18	7
Oil, Train, Greenld. Fishery	33309	17	3	13416	17	6	12656	14	10
Painters' Colours.....	134328	8	1	134982	19	10	129307	10	5
Plate. Plated ware, Jewellery and Watches.....	210031	6	3	201312	1	3	225083	7	5
Salt.....	182296	11	0	153538	0	3	154283	18	10
Saltpetre, British Refined...	33009	5	0	23068	18	0	21825	6	0
Seeds, of all sorts.....	6609	15	3	6461	11	9	6276	2	5
Silk Manufactures.....	350879	11	7	442581	17	2	296677	13	0
Soap and Candles.....	183136	2	2	161918	14	8	185562	2	7
Stationery, of all sorts.....	150916	5	7	164907	15	5	181151	10	2
Sugar, Refined.....	886916	10	1	730830	6	9	778938	0	9
Tin, Unwrought.....	127774	16	4	150852	5	1	148302	10	10
Tin and Pewter Wares, and Tin Plates.....	231128	16	0	255104	7	3	207390	0	4
Tobacco and Snuff, British manufactured.....	16155	18	6	21427	16	1	18123	10	6
Umbrellas and Parasols.....	34409	13	0	44384	14	4	35620	15	3
Whalebone.....	23162	14	0	35759	13	3	23168	10	0
Woollen Manufactures.....	5634136	16	6	6041845	12	4	6193775	2	3
All other Articles.....	1001459	5	0	1036518	3	6	1128374	18	0
Total Real or Declared Value of the Produce & Manufactures of the U- nited Kingdom, export- ed from Gt. Britain to all Parts (except Ire- land).	34691124	8	10	37573918	0	0	38068773	4	7

(E.)

Exchanges with Paris, and Price of 3 per Cent. Consols, from January, 1819, to January, 1827.

The Par of Exchange with Paris is 25 francs and 25 centimes $\frac{1}{4}$ pound sterling, and the expense of sending gold from Paris to London $\frac{1}{8}$ to $\frac{1}{4}$ per cent. Consequently, when the Exchange is 25.20, and under, gold will be sent to Paris; when 25.35, and upwards, it will be sent from Paris to London.

Exchange on Paris, 3 days' sight.		Price of 3 per Cent. Consols.	Exchange on Paris, 3 days' sight.		Price of 3 per Cent. Consols.
1819, January 1.....	23.45	shut	August 23..	25.45	80 $\frac{1}{2}$
Feb. 2.....	23.30	78	Sept. 24.....	25.50	81 $\frac{1}{4}$
March 2.....	23.50	73 $\frac{1}{2}$	October 11.....	25.50	81 $\frac{1}{4}$
April 1.....	23.82 $\frac{1}{2}$	74 $\frac{7}{8}$	Nov. 19.....	25.35	81 $\frac{1}{4}$
May 4.....	23.95	72	Dec. 3.....	25.40	shut
June 1.....	24.75	65 $\frac{5}{8}$	1823, January 3...	25.50	shut
July 2.....	24.85	shut	Feb. 11.....	25.35	74
August 3.....	24.95	71 $\frac{1}{4}$	March 27.....	25.70	74
Sept. 3.....	25.	71 $\frac{1}{4}$	April 29.....	25.75	77 $\frac{7}{8}$
October 1.....	25.45	69 $\frac{7}{8}$	May 2.....	25.80	78 $\frac{5}{8}$
Nov. 2.....	24.85	67 $\frac{1}{4}$	June 6.....	25.80	shut
Dec. 3.....	24.90	67 $\frac{3}{4}$	July 4.....	25.75	
1820, January 4...	24.85	shut	August 12.....	25.80	82 $\frac{5}{8}$
Feb. 1.....	24.92 $\frac{1}{2}$	67 $\frac{7}{8}$	Sept. 30.....	25.75	83 $\frac{1}{4}$
March 3.....	25.07 $\frac{1}{2}$	68 $\frac{5}{8}$	October 7.....	25.80	83 $\frac{3}{8}$
April 21.....	25.35	69 $\frac{1}{4}$	1824, January 9.....	25.50	
May 30.....	25.55	69 $\frac{3}{4}$	Feb. 17.....	25.45	91 $\frac{5}{8}$
June 13.....	25.45	shut	March 23.....	25.55	94
July 4.....	25.60		April 9.....	25.40	96 $\frac{1}{8}$
August 8.....	25.55	68 $\frac{3}{8}$	May 11.....	25.35	96 $\frac{1}{4}$
Sept. 1.....	25.60	67 $\frac{5}{8}$	June 15.....	25.45	shut
October 10.....	25.60	67 $\frac{1}{4}$	July 13.....	25.20	93 $\frac{3}{8}$
Nov.	25.60	69 $\frac{5}{8}$	August 3.....	25.10	
Dec. 1.....	25.55	69 $\frac{3}{4}$	Sept. 10.....	25.25	93 $\frac{7}{8}$
1821, January 9.....	25.60	69 $\frac{1}{2}$	October 12.....	25.20	96 $\frac{1}{8}$
Feb. 9.....	25.65	72 $\frac{5}{8}$	Nov. 2.....	25.10	96 $\frac{1}{8}$
March 13.....	25.60	72 $\frac{3}{4}$	Dec. 7.....	25.15	shut
April 3.....	25.65	72 $\frac{1}{2}$	1825, January	25.5	94
May 18.....	25.90	74 $\frac{3}{8}$	Feb.	25.10	94
June 1.....	25.75	76 $\frac{3}{8}$	March	25.10	93
July 13.....	25.70	76 $\frac{3}{8}$	April	25.5	92
August 3.....	25.50	75 $\frac{3}{8}$	May	25.5	90
Sept. 1.....	25.55	75 $\frac{5}{8}$	June	25.10	91
October 5.....	25.65	77 $\frac{5}{8}$	July	25.10	90
Nov. 9.....	25.55	77 $\frac{7}{8}$	August	25.5	89
Dec. 4.....	25.55	77 $\frac{1}{4}$	Sept.	25.12 $\frac{1}{2}$	88
1822, January 4.....	25.42 $\frac{1}{2}$	shut	October	25.20	87
Feb. 1.....	25.25	76 $\frac{1}{4}$	Dec.	25.30	83
March 12.....	25.20	78 $\frac{5}{8}$	1826, April	25.70	80
April 2.....	25.50	79 $\frac{1}{4}$	July	25.70	78
May 3.....	25.10	79	October	25.70	80
June 4.....	25.30	79 $\frac{1}{4}$	Dec.	25.60	83
July 2.....	25.55	shut			

(F.)

Comparative Statement of the Prices of the following Articles, in the Years 1823, 1824, 1825, and 1826.

ARTICLES.	Prices 1823. (In Bond.)		Prices 1824. (In Bond.)		Prices 1825. (In Bond.)		Prices 1826.	
	Lowest.	Highest.	Lowest.	Highest.	Highest.	Lowest	Lowest	Highest.
	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d
Cochineal, Spanish.....	20 0	24 0	19 0	20 0	26 0	19 0	14 0	16 0
Coffee, St. Domingo.	82 0	112 0	58 0	75 0	88 0	56 0	50 0	52 0
Cotton, Bowd Georgia..	0 8½	0 10½	0 9	0 9½	1 6½	0 9½	0 6½	0 7½
—— Bengal and Surat..	0 6½	0 8½	0 6½	0 8½	1 1½	0 6½	0 5	0 5½
Indigo, East India.....	9 9	12 0	9 0	15 0	16 0	12 0	10 0	11 0
Iron, British.....	£ 6 0	£ 7 0	£ 6 0	£ 11 0	£ 13 0	£ 10 0	£ 10 0	£ 10 10
Lead, British.....	22 10	23 10	23 0	23 10	30 10	22 10	20 0	20 10
Saltpetre, East India.....	24 0	39 0	20 0	23 0	36 0	24 0	21 0	22 0
Spices, Cinnamon.....	6 8	8 3	6 8	7 6	13 6	7 6	7 0	8 0
—— Mace.....	5 2	6 3	4 8	5 10	18 0	5 6	6 0	6 6
—— Nutmegs.....	3 1	3 6	2 8	5 8	12 0	3 6	3 6	4 0
—— Pepper, black.....	0 5½	0 7½	0 5½	0 6½	0 9½	0 6	0 4½	0 5
Sugar, B. P. Gaz. Average.....	30 10	38 2½	29 2	34 5½	45 2	36 11½	30 0	33 0
—— Havannah, white.....	44 0	48 0	40 0	44 0	57 0	44 0	42 0	44 0
Silk, Reggio.....	11 6	16 0	11 6	15 0	17 0	12 0	11 0	12 0
—— China, Raw.....	20 0	22 0	20 0	21 0	28 0	20 0	17 0	18 0
Spelter.....	£ 0 0	£ 0 0	£ 20 10	£ 30 0	£ 41 15	£ 26 0	£ 20 0	£ 21 0
Tallow, St. Petersburg, Y. C.....	31 0	37 0	31 6	34 6	43 0	31 6	33 0	36 0
Tobacco, Virginia, ord. and mid..	0 2½	0 2½	0 2½	0 5½	0 6½	0 4	0 3½	0 3½
Wool, German, fine.....	6 6	8 6	6 6	9 6	9 6	6 6	6 0	7 0

(F.)—Continued.

Annual Average Prices of Wheat for 12 Years previous to 1815.

Year ended.....	s	d	Per Quarter.
.....1803	57	1	Average of 6 Years, 72s. 2d.
" 1804.....	60	5	
" 1805.....	87	1	
" 1806.....	76	9	
" 1807.....	73	1	
" 1808.....	78	11	
" 1809.....	96	5	Average of 6 Years, 98s. 6d.
" 1810.....	108	3	
" 1811.....	92	5	
" 1812.....	122	8	
" 1813.....	106	6	
" 1814.....	72	1	
Average of 12 Years.....	85	4	

Annual Average Prices of Wheat for 12 Years, from 1815 to 1826,
both inclusive.

Year ended.....	s	d	Per Quarter.
.....1815.....	63	8	Average of 6 Years, 74s. 2d.
" 1816.....	76	2	
" 1817.....	94	0	
" 1818.....	83	8	
" 1819.....	72	3	
" 1820	65	10	
" 1821.....	54	5	Average of 6 Years, 55s. 9d.
" 1822.....	43	3	
" 1823.....	51	9	
" 1824.....	62	0	
" 1825.....	66	6	
" 1826... ..	56	11	
Average of 12 Years.....	64	11	

Average of first 6 Weeks of 1827..... ..53s. 6d.

(G.)—No. 1.

An Account of the Quantity of Gold and Silver exported and imported, and the Countries to or from, as far as the same can be ascertained and made out, in each Year since the 1st of January, 1810, to the 1st of January, 1825.

Years ending 5th January,	Total Quantity of Gold in Bars, or otherwise, exported from the United Kingdom.					
	Gold Bullion.	Foreign Gold Coin.	British Gold Coin.	Foreign Gold Plate.	British Gold Plate.	Total Export of Gold.
	Ozs. dwts.	Ozs. dwts.	Ozs. dwts.	Ozs. dwts.	Ozs. dwts.	Ozs. dwts.
1815	40835 12	246976 9	... ..	... ..	309 16	288121 17
1816	51012 3	294309 8	... ..	... ..	729 1	346050 12
1817	... ..	10797 15	... ..	... ..	905 7	11703 2
1818	57569 5	116277 17	... ..	... ..	2576 0	176423 2
1819	57437 9	78770 12	... ..	... ..	1768 3	137976 4
1820	15937 17	69140 1	5763 8	... ..	2381 16	93223 2
1821	... ..	30431 10	3172 5	... ..	5967 4	39570 19
1822	181 0	13618 1	... ..	... ..	29 19	13829 0
1823	57218 17	79478 2	147555 18	... ..	24 19	284277 16
1824	87022 0	111351 8	98000 0	... ..	102 7	296475 15
1825	241840 4	128403 7	764109 12	1 5	53 5	1134407 13

The Exports of Gold principally to France and Holland.

Years ending 5th January,	Total Quantity of Silver in Bars, or otherwise, exported from the United Kingdom.						
	Silver Bullion.	Foreign Silver Coin.	British Silver Coin.	Foreign Silver Plate.	British Silver Plate.	Total Export of Silver.	Of which to Asia.
	Ozs. dwts.	Ozs. dwts.	Oz. dts.	Oz. dts.	Ozs. dwts.	Ozs. dwts.	Ozs.
1815	296582 15	2305409 18	... ..	... ..	97941 5	2699933 18	29000
1816	37195 0	6263640 12	... ..	... ..	121052 9	64218 8	13300000
1817	195119 0	6468839 16	... ..	422 0	149703 2	6814083 8	3730000
1818	1300746 15	6878838 0	... ..	195 0	142991 1	8322770 16	4320000
1819	9205636 17	8425905 10	... ..	... ..	145824 4	17777366 11	4220000
1820	658100 0	6546358 0	... ..	300 0	151328 0	7356086 0	6140000
1821	523162 10	4828398 12	... ..	... ..	198906 4	5550467 6	2980000
1822	355929 10	4162782 10	... ..	250 0	155195 17	4674157 17	822000
1823	7980315 10	6565506 8	... ..	40 0	112389 16	14650251 14	435000
1824	1611331 15	10056922 5	... ..	600 9	155164 16	11724019 5	300000
1825	2516680 0	6069051 0	... ..	2201 0	118045 14	8705977 14	155000

The Exports of Silver principally to France, Italy, Germany, and Russia.

No Account of the *Importation* of Gold and Silver Bullion, and Coin, can be rendered, these Articles being allowed to be landed without entry at the Custom-house, by the Act, 27 Geo. III. cap. 13, sec. 12.

(G.)—No. 2.

An Account, shewing the quantities of Silver and Gold Coin and Bars exported from England to foreign countries, in the three months between 5th April and 1st July, 1825, as nearly as the same can be made up, from the bills of entry at the Custom-house in London.

To what Places Exported.		Gold in Bars or Coin.	Silver and Gold Coin, or Bars mixed.	Foreign Silver Coin.
		Oz.	Oz.	Oz.
April	6, Jamaica.....	{ F. Coin 20000 Bullion 40000 }	—	800000
"	11, Rotterdam.....	—	30000	—
"	11, Madras.....	F. Coin 5000	—	10000
"	13, Miramichi.....	—	—	4000
"	15, Leghorn.....	—	—	—
"	16, Calais.....	Brit. Coin 25000	—	—
"	18, Ditto.....	Ditto 25000	—	—
"	18, New-York.....	—	—	10000
"	18, Rotterdam.....	C. & Bars 23200	—	—
"	21, Van Dieman's Land.....	—	—	2420
"	22, China.....	—	—	11000
"	25, Rotterdam.....	—	10000	—
"	25, Hamburgh.....	Brit. Coin 20000	—	—
"	25, La Guayra.....	Foreign 2200	—	—
"	27, Rotterdam.....	British 5000	—	—
"	28, Do. and Calais.....	Ditto 30000	—	—
"	30, Rotterdam.....	—	20000	—
"	30, New-York.....	—	—	10000
May	2, Rotterdam.....	—	30000	—
"	4, Madeira.....	—	—	2000
"	4, Hamburgh.....	H. and F. 4300	—	—
"	9, Rotterdam.....	—	30000	—
"	9, New-York.....	—	—	10000
"	10, Amsterdam.....	—	Foreign 10000	—
"	10, Malta.....	—	—	300
"	17, New-York.....	—	—	10000
"	17, New South Wales.....	—	—	3000
"	20, Smyrna.....	50000	—	150000
"	23, Rotterdam.....	—	32000	—
"	24, New-York.....	—	—	10000
"	25, Hamburgh.....	800	—	—
June	1, Rotterdam.....	—	—	45000
"	1, Philadelphia.....	—	—	10000
"	2, Alvarado.....	F. Coin 1750	—	—
"	4, Rotterdam.....	Ditto 70000	—	—
"	4, Ditto.....	British 50000	—	—
"	4, Stettin.....	—	—	27000
"	4, Calais.....	—	—	98300
"	4, New Orleans.....	{ F. Coin 20000 Bullion 2000 }	—	300000
"	4, Ditto.....	—	Foreign 27000	—
"	5, Rotterdam.....	—	—	200000
"	5, Alexandria.....	—	—	—
"	5, Calais.....	B. Coin 25000	—	—
"	11, Rotterdam.....	—	Ditto 150000	61000
"	13, Ditto.....	—	30000	—
"	13, Amsterdam.....	—	20000	—
"	15, Rotterdam.....	British 350	B. & F. 200000	—
"	15, New-York.....	—	—	10000
"	16, Madeira.....	—	—	5000
"	16, Hamburgh.....	Bars For. 4200	—	—
"	17, Madeira.....	—	—	13732
"	18, Madeira.....	—	—	2000
"	18, Rotterdam.....	Coin 520	B. and F. 150000	—
"	18, Amsterdam.....	—	—	30000
"	20, Ostend.....	—	Ditto 40000	—
"	25, Rotterdam.....	Coin 1800	Ditto 200000	—
"	27, Ditto.....	—	20000	—
"	28, New-York.....	—	—	10000
"	30, Halifax, N. S.....	200	—	500
Totals.....		Oz. 426329	Oz. 399000	Oz 184022

Abstract of the preceding Statement.

	Oz.	Oz.	Oz.
Holland and the Netherlands.....	156870	999000	136000
France.....	100000	—	98300
Jamaica and South America.....	85950	—	1100000
Italy and the Levant.....	50000	—	354200
Madeira and East Indies.....	4000	—	44152
North America.....	200	—	85500
Hamburgh	29300	—	27000
Totals.....	426320	999000	1845252

The Sterling Value of this three months' Export may be estimated thus—viz.

426320 oz. gold, at £3 17s 10d per oz.....	}	£2143000
100000 oz. ditto ditto		
899000 oz. silver, at 5s per oz.....	}	686030
1845252 oz. ditto ditto		

Altogether in three months..... £2834030

or at the rate of nearly £1000000 a-month.

Of this amount there was exported

£1053000.....	in the month of April.
360000.....	" May.
1424030.....	" June.

(H.)

Alterations with respect to Weight and Fineness,
and Comparative Value of Gold and Silver, in Great Britain.

Years.	SILVER.			GOLD.			Comparative Value of fine Gold and Silver.						
	Fineness.		Lb. Troy Coined into	Fineness.		Lb. Troy Coined into							
	Ozs.	dwt.		£.	s.		d.	Grains.	£.	s.	d.		
1066	11	2	1	1	4	...	...	...	...	...	...	...	...
1280	...	...	1	1	4	...	...	...	...	...	...	...	...
1344	...	...	1	1	6	23	3½	14	0	10	1	"	12 6-10
1349	...	...	1	3	0	...	...	14	18	8	1	"	11 6
1356	...	...	1	6	8	...	...	16	0	0	1	"	11 2
1421	...	...	1	12	0	...	...	17	16	0	1	"	10 3
1464	...	...	2	0	0	...	...	22	4	6	1	"	10 3
1465	...	...	2	0	0	...	...	24	0	0	1	"	11 1
1470	...	...	2	0	0	...	...	24	0	0	1	"	11 1
1482	...	...	2	0	0	...	...	24	0	0	1	"	11 1
1527	...	...	2	2	8	22	...	24	0	0	1	"	11 3
1543	10	...	2	8	0	23	...	28	16	0	1	"	10 4
1545	6	...	2	8	0	22	...	30	0	0	1	"	6 8
1546	4	...	2	8	0	20	...	30	0	0	1	"	5 0
1549	4	...	3	12	0	22	...	34	0	0	1	"	5 1
1551	5	...	3	12	0	23	3½	34	0	0	1	"	11 0
1560	11	2	3	0	0	22	...	36	0	0	1	"	11 1
1600	...	...	3	2	0	23	3½	36	10	0	1	"	10 9
1604	...	...	3	2	0	22	0	33	10	0	1	"	12 1
1626	...	...	3	2	0	...	...	41	0	0	1	"	13 3
1666	...	...	3	2	0	...	...	44	10	0	1	"	14 5
1717	...	...	3	2	0	...	...	46	14	6	1	"	15 2
1816	...	...	3	6	0	...	...	46	14	6	1	"	14 3
1821	...	...	3	6	0	...	...	46	14	6	1	"	14 3-10

■ Wars of Edward IV. adulteration.

" By which it appears that Silver Coins have diminished in value during the last 500 years in the ratio of 99 to 32, and Gold Coins nearly as 3½ to 1. In the same period the Silver Coins of France and Spain have been debased in the ratio of about 17 to 1."

(I.)

To the Honourable the COMMONS of the United Kingdom of Great Britain and Ireland in Parliament assembled.

THE PETITION OF THE UNDERSIGNED MERCHANTS AND
OTHERS OF THE TOWN OF LIVERPOOL,

“HUMBLY SHOWETH,

“THAT it is necessary for the purposes of internal and Foreign trade, that a standard measure of value should be adopted in every country.

“That because they are less liable to variation in value than any other commodity, the precious metals have been fixed upon as the most eligible standard; and therefore each nation has given to its coin a certain denomination, and a specific weight and fineness. That the price of any article, in any country, means nothing more than a certain number of such denominations; and it is on this basis that the value of money and of property is ascertained all over the civilized world.

“That for the security of property, it is highly expedient that the standard should not be changed, inasmuch as it forms the basis of all contracts, and can never be altered without injustice either to the payer or payee.

“That in opposition to these principles, an act was passed in 1797, which virtually abrogated the ancient standard of this realm, and changed the value of the whole currency, by exempting the Governor and Company of the Bank of England from the liability to pay coin for their notes, when called upon to do so by the holder.

“That this act, commonly called the Bank Restriction Act, was confirmed at divers times, and continued in full force till the 2nd July, 1819.

“That within this time, but more particularly from 1800 to 1819, the high market price of Gold indicated a considerable depreciation in the value of the currency.

“That it appears, that from 1800 to 1810, the depreciation fluctuated between 5 and 15 per cent. and that for a period of about three years, 1811 to 1814, it fluctuated between 20 and 32 per cent.

“That in 1815 the depreciation averaged about 14 per cent. and your Petitioners conceive that the average of the remaining term cannot be taken at less than 5 per cent.

“Your Petitioners further represent, that within this period, when the ancient standard was suspended, and this great depreciation existed, a very large proportion of the National Debt was contracted.

“That all transactions within this period, between private individuals, were founded on this depreciated currency, and that property of all descriptions created and transferred, adjusted itself accordingly.

“That on the 2nd July, 1819, when depreciation still existed, and when the revenue of the country was notoriously inadequate to its expenditure, an act was passed to restore progressively the whole currency of the Kingdom to the ancient standard of value.

“Your Petitioners cannot refrain from stating, that the inquiry which led to this determination on the part of your Honourable House, seemed rather directed to the capability of the Bank to pay its notes in specie, than to the capability of the country to sustain such a derangement and loss of property, and to meet, at the same time, its fixed and positive engagements with the public creditor.

"That there can be no doubt that the ancient standard may be resumed, if all considerations as to the consequences be disregarded; but your Petitioners humbly submit, that the attempt to restore it has already created great distress, and that a further prosecution of the plan will produce a greater mass of suffering than was ever produced by any other measure; and that greater injustice will be done towards individuals, and ultimately to the public creditor, than by any plan of state policy which has hitherto been pursued in these Kingdoms.

"Your Petitioners beg leave to state, in support of this opinion, that since this act passed, the trade, the commerce, the agriculture, and the manufactures of this country, have suffered grievous depression; that, with some few exceptions, they are still declining, and are still unprofitable; that a diminution of imports and exports has not been attended with those beneficial results which a cessation from over-trading was expected to produce, that a considerable proportion of the mechanics and labouring husbandmen, in different parts of the Kingdom, are either without work, or without wages sufficient for the sustenance of life; that the Poor's Rates are oppressive, and cannot generally be diminished without endangering the peace and safety of the country; and finally, that property of nearly every description is still lessening in value.

"Your Petitioners are not ignorant that periods of great depression have existed, even when the currency was depreciated; but they believe that the depression which has continued for the last two years has been greatly aggravated by the forced contraction of currency and credit.

"That your Petitioners find no consolation in the fact of the market price of Gold having fallen to the ancient standard; it is no relief to them that the public may possibly supply any further excessive diminution of the issues of the Bank, by purchasing and coining Gold; on the contrary, they feel themselves bound by the previous state of the currency, and by this state of things, to discharge their debts at a higher rate than they contracted for, inasmuch as that when gold was high, the price of land and all commodities was high, and that now gold has fallen, land and commodities have fallen also, yet their engagements continue the same, and the extent and nature of these engagements they beg leave to recite.

"They conceive, that of all the existing contracts, except such as arise out of commerce, and expire on short credits, the major part has been made between 1797 and 1819; that the proportion of lands, houses, and other property mortgaged, and subject to charges for portions and annuities, is as three-fourths to the whole, and as one-half to the value; that the average term of takings at rack rent may be considered five years; and further, that bonds, annuities, salaries, and pensions, still remain in operation.

"That as yet only a small proportion of the leases taken has expired; that as yet very few foreclosures have been made, and but few securities have been put in force; but your Petitioners conceive that the struggle against difficulties cannot, by a very numerous class of persons, be supported much longer, and that property to an immense amount must then be brought to market, and to such an extent as to produce a further decline in the value of all the rest: and they are borne out in this conclusion by the facts, that the Bank has not yet resumed cash payments, and that property generally has not resumed the level of the years preceding 1797.

"That after all, the public debt, which must be considered as a Mortgage on the whole property of the Kingdom, still remains, and presses upon the people with accumulated force.

"That this, then, is the situation of the Country, after a twenty-two years' war and suspension of the ancient standard, cannot in substance be denied; and your Petitioners look in vain for the benefits which the wisdom of your Honourable House doubtless meditated in the act for the resumption of that standard; they see in that measure an attempt to remedy the mischief caused by a departure from fixed principles, by sacrificing the property of many to the advantage of a few, and for no other purpose, as your Petitioners conceive, than to re-establish a standard to which comparatively few contracts have any reference.

"That this perilous state of affairs requires immediate consideration, no doubt can be entertained, and your Petitioners humbly submit, that hitherto no adequate remedy has been proposed.

"That they have heard of a plan for paying off part of the National Debt by a contribution from property; that they have also heard of a plan for reducing the interest of the said Debt; but your Petitioners humbly conceive that neither of these plans, if just, would afford them sufficient relief, because they consider, that the private engagements of individuals one towards another far exceed in amount the engagements of the people with the public creditor, and therefore, that whatever plan be adopted with reference to the Public Debt, ought as an act of obvious and common justice to be applied to all private contracts.

"That your Petitioners are aware that the opening of all private contracts, and of the contracts with the public creditor, for the purpose of exact adjustment, according to the value of the currency in which each was made, would be a measure attended with great and insuperable difficulties.

"That the object of every Government must be to administer justice to all its subjects, and where exact justice cannot be done, the general good must be consulted by some measure of approximation.

"Your Petitioners, therefore, humbly beg leave to approach your Honourable House, for the purpose of stating their opinion, that the general interest of the community requires an immediate lowering of the Standard of the Realm, as calculated to lead to the only practicable remedy for those difficulties in which the people of this country have been involved, by the abandonment of the ancient standard in 1797, and by the attempt now making to restore it.

"In suggesting this measure to the consideration of your Honourable House, your Petitioners declare their deep regret that any circumstances whatever should have rendered such recommendation necessary, inasmuch as they regard the right to alter the standard, as one of the most questionable prerogatives of the Crown, and one of the last resources of an embarrassed nation.

"Your Petitioners do not consider that this measure alone will rescue the country from all its difficulties; on the contrary, they believe that nothing less than the application of this plan, combined with retrenchment, and the adoption of a wiser system of commercial policy, can restore to it those advantages to which its skill, capital, and industry so justly entitle it.

"Your Petitioners, therefore, pray, that your Honourable House will immediately take into consideration the propriety of making such alteration in the act of the 2nd July, 1819, as shall enable debtors to discharge their engagements in a currency corresponding in some degree with the value of that in which they were contracted. And further, your Petitioners pray, that such part of that act as relates to the liability of the Bank to pay in Specie, may be repealed, and that payments in Bullion may be substituted, at such a standard as the wisdom of your Honourable House shall deem meet.

"And your Petitioners will ever pray."

LIVERPOOL, *2nd March*, 1821.

(K.)

The following is an Extract from the Protest made by the Directors of the Bank of England against the measures proposed in April, 1819, for a return to Cash Payments :—

“ The Directors of the Bank think it right to observe to His Majesty’s Ministers, that being engaged to pay on demand their Notes in statutable Coin, at the mint price of £3 17s 10½d an ounce, they ought to be the last persons who should object to any measure calculated to effect that end ; but as it is incumbent on them to consider the effect of any measure to be adopted, as operating upon the general issue of their Notes, *by which all the private Banks are regulated*, and of which the whole currency, exclusive of the Notes of private Bankers, is composed, they feel themselves obliged, by the new situation in which they have been placed by the Restriction Act of 1797, to bear in mind, not less their duties to the *Establishment over which they preside*, than their duties to the *Community at large, whose interests in a pecuniary and commercial relation have in a great degree been confided to their discretion*.

“ The Directors being thus *obliged to extend their views, and embrace the interests of the whole Community, in their consideration of this measure, cannot but feel a repugnance, however involuntary, to pledge themselves in approbation of a System, which, in their opinion, in all its great tendencies and operations, concerns the Country in general more than the immediate interests of the Bank alone*.

“ It is not certainly a part of the regular duty of the Bank, under its original institution, to enter into the general views of Policy, by which this great Empire is to be governed, in all its Commercial and Pecuniary transactions, which exclusively belong to the Administration, to Parliament, and to the Community at large ; nor is it the province of the Bank to expound the principles by which these views ought to be regulated. Its peculiar and appropriate duty is the management of the concerns of the Banking Establishment, as connected with the payment of the Interest of the National Debt, the lodgments consigned to its care, and the ordinary Advances it has been accustomed to make to Government.

“ But when the Directors are now called upon, in the new situation in which they are placed by the Restriction Act, to procure a Fund for supporting the *whole National Currency*, either in Bullion or in Coin, and when it is proposed that they should effect this measure within a given period, by regulating the market price of Gold by a limitation of the amount of the Issue of Bank Notes (with whatever distress such limitation may be attended to individuals or the community at large) ; they feel it their *bounden and imperious duty to state their sentiments thus explicitly*, in the first instance to His Majesty’s Ministers, on this subject, that a tacit consent and concurrence at this juncture may not, at some future period, be construed into a previous implied sanction on their part, of a System, *which they cannot but consider fraught with very great uncertainty and risk*.

“ It is impossible for them to decide beforehand what shall be the course of events for the next two, much less for the next four years ; *they have no right to hazard a flattering conjecture, for which they have not real grounds, in which they may be disappointed, and for which they may be considered responsible*.— They cannot venture to advise an *unrelenting continuance of pecuniary pressures upon the Commercial world, of which it is impossible for them either to foresee or estimate the consequences*.

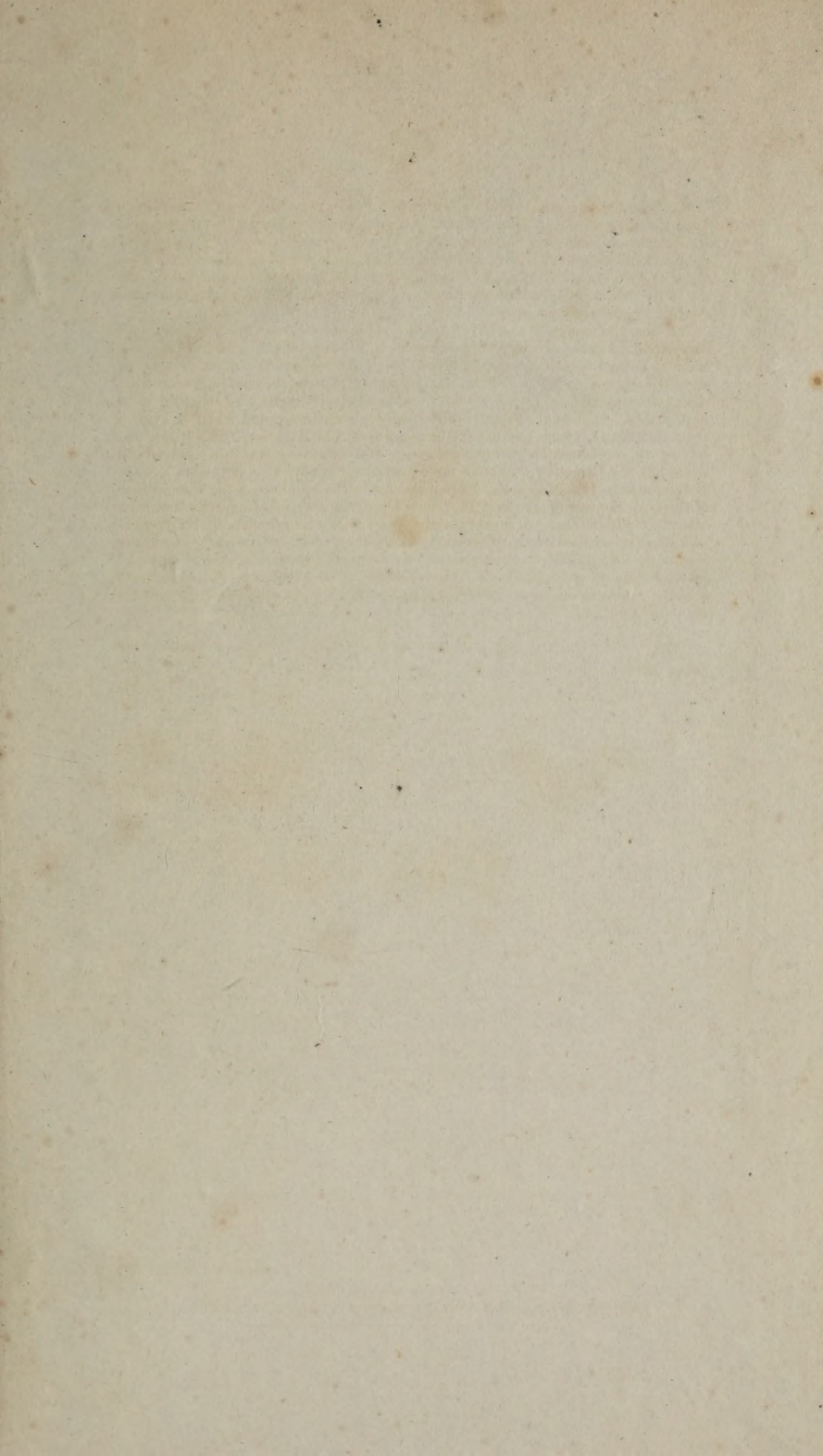
“ The Directors have already submitted to the House of Lords the expediency of the Bank paying its Notes in Bullion at the market price of the day, with a view of seeing how far favourable Commercial balances may operate in restoring the former order of things, of which they might take advantage : And with a similar view they have proposed, that Government should repay the Bank a considerable part of the sums that have been advanced upon Exchequer Bills.

“ These two measures would allow time for a correct judgment to be formed upon the state of the Bullion market, and upon the real result of those changes, which the late war may have produced, in all its consequences, of increased public Debt, increased Taxes, increased Prices, and altered Relations, as to Interest, Capital, and Commercial Dealings with the Continent ; and how far the alterations thus produced are temporary or permanent ; and to what extent, and in what degree they operate.

“ It was the design of the Directors, in pursuance of the before-mentioned two Measures, to take advantage of every circumstance which could enable the Bank to extend its purchases of Bullion, as far as a legitimate consideration of the ordinary wants of the Nation, for a sufficient Currency, could possibly warrant. Beyond this point they do not consider themselves justified in going upon any *opinion, conjecture, or speculation, merely their own* ; and when a system is recommended, which seems to take away from the Bank any thing like a discretionary consideration of the necessities and distresses of the Commercial world ; if the Directors withhold their previous consent, it is not from a want of deference to His Majesty’s Government, or to the opinions of the Committees of the two Houses of Parliament, but solely from a serious feeling, that they *have no right whatever to invest themselves of their own accord with the responsibility of countenancing a Measure in which the whole Community is so deeply involved ; and possibly to compromise the universal Interests of the Empire in all the relations of Agriculture, Manufacture, Commerce, and Revenue, by a seeming acquiescence or declared approbation on the part of the Directors of the Bank of England.*”

[The whole document was presented to the House of Commons on the 20th May, 1819.]

FINIS.



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